



**Buy** (old: Buy)

**Price target: EUR 39.00** (old: EUR 39.00)

<b>Price:</b>	EUR 22.74	<b>Next result:</b>	Q2 14.08.12
<b>Bloomberg:</b>	EUZ GR	<b>Market cap:</b>	EUR 116.8 m
<b>Reuters:</b>	EUZG.DE	<b>Enterprise Value:</b>	EUR 106.5 m

08-June-12

**Torben Teichler**  
Analyst

torben.teichler@ha-research.de  
Tel.: +49 40 414 3885 74

### Feedback from company visit

**Eckert & Ziegler operates a well defended business model with high barriers to entry** across all its segments on the back of: 1. High regulatory requirements and tedious approval processes, 2. High market shares above 50% in profitable niche markets which are too small for customers to take over, 3. A high level of know-how as well as capital intensity. 4. High switching costs in the Isotope segment (~60% of EBIT) as major customers' products are configured to Eckert & Ziegler inputs.

Moreover, the business is highly resilient with ca. **80% of revenues being of recurring nature** as most of Eckert & Ziegler's products have only a limited half life of the radiation source which necessitates regular replacements. Also, **visibility is high given long term customer contracts** whilst risk from alternative treatments is limited and manageable as regulatory approval processes take long.

**Organic growth prospects remain however limited** as Eckert & Ziegler holds strong market positions in largely saturated niche markets and is confined foremost to new applications or products as well as geographical expansion. This explains our rather moderate growth assumptions which do not include acquisitions.

However, the **company remains highly acquisitive as seen in the past** and intends to continue its consolidation strategy, **focussing on value accretive investments**. Concretely, the company intends to **re-enter the US implants market via an acquisition which we anticipate to still materialise in 2012E**. The acquisition should be financed from the existing cash flow, debt as well as a potential capital increase. We expect the target to generate mid-double digit million USD revenues which should bring the company closer to its mid-term guidance of reaching € 200m in sales by 2014E.

Importantly, **Eckert & Ziegler benefits strongly from an appreciation of the USD vis-à-vis the Euro**. Compared to our base case, the current USD appreciation should have an **impact of € 0.10 to € 0.20 on EPS (5-10% upside) this year** given that approximately 40% of EBIT is generated in the US.

Hence, the company's resilience, low valuation as well as strong currency exposure, make the stock an attractive value play especially in the current market environment with external growth options going forward. The stock therefore remains a **BUY** at a **PT of € 39.00** based on FCFY 2012E.

Y/E 31.12 (EUR m)	2008	2009	2010	2011	2012E	2013E	2014E
Sales	71.6	101.4	111.1	116.2	115.2	118.9	123.0
Sales growth	32 %	42 %	10 %	5 %	-1 %	3 %	3 %
EBITDA	18.7	22.6	26.4	30.4	29.2	30.4	32.1
EBIT	9.6	15.5	16.6	22.9	21.1	22.1	23.5
Net income	4.5	13.3	9.4	10.4	11.0	11.6	15.4
Net debt	10.9	-23.8	-7.6	-11.3	-17.0	-19.4	-38.8
Net gearing	26.6 %	-31.2 %	-11.2 %	-13.9 %	-19.6 %	-15.6 %	-28.6 %
Net Debt/EBITDA	0.6	0.0	0.0	0.0	0.0	0.0	0.0
EPS fully diluted	1.43	3.48	1.81	2.00	2.10	2.22	2.96
CPS	1.16	3.71	1.01	2.01	3.60	2.40	2.86
DPS	0.30	0.45	0.60	0.60	0.63	0.67	0.89
Dividend yield	1.3 %	2.0 %	2.6 %	2.6 %	2.8 %	2.9 %	3.9 %
Gross profit margin	47.7 %	50.4 %	52.0 %	55.4 %	55.4 %	55.4 %	55.4 %
EBITDA margin	26.2 %	22.2 %	23.8 %	26.2 %	25.4 %	25.6 %	26.1 %
EBIT margin	13.4 %	15.2 %	14.9 %	19.7 %	18.4 %	18.6 %	19.1 %
ROCE	10.4 %	14.4 %	16.2 %	19.1 %	15.8 %	15.3 %	14.8 %
EV/sales	1.1	1.0	1.0	1.0	0.9	0.9	0.7
EV/EBITDA	4.4	4.5	4.4	3.7	3.6	3.4	2.7
EV/EBIT	8.5	6.6	6.9	4.9	5.0	4.7	3.6
PER	15.9	11.5	12.6	11.4	10.8	10.2	7.7
Adjusted FCF yield	12.3 %	12.7 %	10.1 %	12.0 %	13.2 %	14.0 %	18.7 %

Source: Company data, Hauck & Aufhäuser Close price as of: 07.06.2012



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 30.40 / 20.59

**Price/Book Ratio:** 1.4

**Relative performance (SDAX):**

3 months 2.4 %

6 months -13.7 %

12 months -11.9 %

### Changes in estimates

		Sales	EBIT	EPS
2012	old:	115.2	21.1	2.08
	Δ	-	-	-
2013	old:	118.9	22.1	2.19
	Δ	-	-	-
2014	old:	123.0	23.5	2.92
	Δ	-	-	-

### Key share data:

Number of shares: (in m pcs) 5.3

Authorised capital: (in € m) 0.6

Book value per share: (in €) 16.6

Ø trading volume: (12 months) 20,453

### Major shareholders:

Free float 67.0 %

Founders 31.7 %

Eckert & Ziegler AG 1.3 %

### 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.

## Financials

Profit and loss (EUR m)	2008	2009	2010	2011	2012E	2013E	2014E
<b>Sales</b>	<b>71.6</b>	<b>101.4</b>	<b>111.1</b>	<b>116.2</b>	<b>115.2</b>	<b>118.9</b>	<b>123.0</b>
<i>Sales growth</i>	31.5 %	41.6 %	9.6 %	4.6 %	-0.9 %	3.2 %	3.4 %
Cost of sales	37.5	50.3	53.3	51.8	51.3	53.0	54.8
<b>Gross profit</b>	<b>34.2</b>	<b>51.1</b>	<b>57.8</b>	<b>64.4</b>	<b>63.9</b>	<b>65.9</b>	<b>68.2</b>
Sales and marketing	15.1	18.4	18.9	19.4	19.2	19.8	20.5
General and administration	14.6	19.1	18.8	19.2	18.4	19.0	19.7
Research and development	3.1	2.5	2.9	3.0	3.5	3.6	3.7
Other operating income	17.2	9.3	2.9	3.8	3.5	3.6	3.7
Other operating expenses	9.0	5.0	3.5	3.7	5.1	5.0	4.5
Unusual or infrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>18.7</b>	<b>22.6</b>	<b>26.4</b>	<b>30.4</b>	<b>29.2</b>	<b>30.4</b>	<b>32.1</b>
Depreciation	9.2	7.1	9.8	7.5	8.1	8.3	8.6
<b>EBITA</b>	<b>9.6</b>	<b>15.5</b>	<b>16.6</b>	<b>22.9</b>	<b>21.1</b>	<b>22.1</b>	<b>23.5</b>
Amortisation of goodwill	0.0	4.4	0.0	0.0	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
<b>EBIT</b>	<b>9.6</b>	<b>15.5</b>	<b>16.6</b>	<b>22.9</b>	<b>21.1</b>	<b>22.1</b>	<b>23.5</b>
Interest income	0.1	0.1	0.3	0.2	0.2	0.3	1.5
Interest expenses	1.2	1.3	2.5	2.9	2.9	2.9	1.3
Other financial result	-0.1	1.0	0.0	0.0	0.0	0.0	0.0
Financial result	-1.3	-0.3	-2.2	-2.7	-2.7	-2.6	0.2
<b>Recurring pretax income from continuing operations</b>	<b>8.3</b>	<b>15.2</b>	<b>14.4</b>	<b>20.2</b>	<b>18.5</b>	<b>19.5</b>	<b>23.7</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>8.3</b>	<b>15.2</b>	<b>14.4</b>	<b>20.2</b>	<b>18.5</b>	<b>19.5</b>	<b>23.7</b>
Taxes	5.3	-6.7	3.9	8.8	6.5	6.8	8.3
<b>Net income from continuing operations</b>	<b>3.0</b>	<b>21.9</b>	<b>10.4</b>	<b>11.4</b>	<b>12.0</b>	<b>12.7</b>	<b>15.4</b>
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>3.0</b>	<b>21.9</b>	<b>10.4</b>	<b>11.4</b>	<b>12.0</b>	<b>12.7</b>	<b>15.4</b>
Minority interest	-1.5	8.6	1.0	1.0	1.0	1.1	0.0
<b>Net income (net of minority interest)</b>	<b>4.5</b>	<b>13.3</b>	<b>9.4</b>	<b>10.4</b>	<b>11.0</b>	<b>11.6</b>	<b>15.4</b>
Average number of shares	3.1	3.8	5.2	5.3	5.3	5.3	5.3
<b>EPS reported</b>	<b>1.43</b>	<b>3.48</b>	<b>1.81</b>	<b>1.98</b>	<b>2.08</b>	<b>2.19</b>	<b>2.92</b>

Profit and loss (common size)	2008	2009	2010	2011	2012E	2013E	2014E
<b>Sales</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Cost of sales	52.3 %	49.6 %	48.0 %	44.6 %	44.6 %	44.6 %	44.6 %
<b>Gross profit</b>	<b>47.7 %</b>	<b>50.4 %</b>	<b>52.0 %</b>	<b>55.4 %</b>	<b>55.4 %</b>	<b>55.4 %</b>	<b>55.4 %</b>
Sales and marketing	21.1 %	18.2 %	17.0 %	16.7 %	16.7 %	16.7 %	16.7 %
General and administration	20.4 %	18.8 %	16.9 %	16.5 %	16.0 %	16.0 %	16.0 %
Research and development	4.3 %	2.5 %	2.6 %	2.6 %	3.0 %	3.0 %	3.0 %
Other operating income	24.1 %	9.2 %	2.6 %	3.2 %	3.0 %	3.0 %	3.0 %
Other operating expenses	12.5 %	4.9 %	3.1 %	3.2 %	4.4 %	4.2 %	3.7 %
Unusual or infrequent items	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBITDA</b>	<b>26.2 %</b>	<b>22.2 %</b>	<b>23.8 %</b>	<b>26.2 %</b>	<b>25.4 %</b>	<b>25.6 %</b>	<b>26.1 %</b>
Depreciation	12.8 %	7.0 %	8.9 %	6.5 %	7.0 %	7.0 %	7.0 %
<b>EBITA</b>	<b>13.4 %</b>	<b>15.2 %</b>	<b>14.9 %</b>	<b>19.7 %</b>	<b>18.4 %</b>	<b>18.6 %</b>	<b>19.1 %</b>
Amortisation of goodwill	0.0 %	4.3 %	0.0 %	0.0 %	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 %
<b>EBIT</b>	<b>13.4 %</b>	<b>15.2 %</b>	<b>14.9 %</b>	<b>19.7 %</b>	<b>18.4 %</b>	<b>18.6 %</b>	<b>19.1 %</b>
Interest income	0.1 %	0.1 %	0.3 %	0.2 %	0.2 %	0.3 %	1.2 %
Interest expenses	1.7 %	1.3 %	2.3 %	2.5 %	2.5 %	2.4 %	1.0 %
Other financial result	-0.2 %	0.9 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	-1.8 %	-0.3 %	-2.0 %	-2.3 %	-2.3 %	-2.2 %	0.2 %
<b>Recurring pretax income from continuing operations</b>	<b>11.6 %</b>	<b>14.9 %</b>	<b>12.9 %</b>	<b>17.4 %</b>	<b>16.0 %</b>	<b>16.4 %</b>	<b>19.3 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>11.6 %</b>	<b>14.9 %</b>	<b>12.9 %</b>	<b>17.4 %</b>	<b>16.0 %</b>	<b>16.4 %</b>	<b>19.3 %</b>
Tax rate	63.4 %	-44.5 %	27.4 %	43.6 %	35.0 %	35.0 %	35.0 %
<b>Net income from continuing operations</b>	<b>4.2 %</b>	<b>21.6 %</b>	<b>9.4 %</b>	<b>9.8 %</b>	<b>10.4 %</b>	<b>10.7 %</b>	<b>12.5 %</b>
Result from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net income</b>	<b>4.2 %</b>	<b>21.6 %</b>	<b>9.4 %</b>	<b>9.8 %</b>	<b>10.4 %</b>	<b>10.7 %</b>	<b>12.5 %</b>
Minority interest	-2.0 %	8.5 %	0.9 %	0.9 %	0.9 %	0.9 %	0.0 %
<b>Net income (net of minority interest)</b>	<b>6.3 %</b>	<b>13.1 %</b>	<b>8.5 %</b>	<b>9.0 %</b>	<b>9.5 %</b>	<b>9.7 %</b>	<b>12.5 %</b>

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2008	2009	2010	2011	2012E	2013E	2014E
<b>Intangible assets</b>	<b>38.7</b>	<b>42.1</b>	<b>40.9</b>	<b>45.0</b>	<b>45.0</b>	<b>45.0</b>	<b>45.0</b>
Property, plant and equipment	23.8	27.3	27.6	28.9	35.8	42.5	33.9
Financial assets	1.4	1.8	1.3	1.3	1.3	1.3	1.3
<b>FIXED ASSETS</b>	<b>63.9</b>	<b>71.1</b>	<b>69.8</b>	<b>75.2</b>	<b>82.1</b>	<b>88.8</b>	<b>80.2</b>
Inventories	8.6	12.6	12.7	14.2	14.1	14.5	15.4
Accounts receivable	14.0	16.2	17.3	18.1	18.3	18.9	19.5
Other current assets	3.5	6.2	3.1	4.7	7.1	7.3	7.6
Liquid assets	7.6	43.9	29.4	32.3	38.0	40.4	59.8
Deferred taxes	1.2	11.8	12.2	9.5	9.4	9.7	10.1
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT ASSETS</b>	<b>34.9</b>	<b>90.8</b>	<b>74.7</b>	<b>78.8</b>	<b>86.9</b>	<b>90.9</b>	<b>112.4</b>
<b>TOTAL ASSETS</b>	<b>98.8</b>	<b>161.9</b>	<b>144.5</b>	<b>154.0</b>	<b>169.0</b>	<b>179.7</b>	<b>192.6</b>
SHAREHOLDERS EQUITY	40.9	76.4	68.3	81.6	86.6	124.1	135.9
MINORITY INTEREST	2.0	10.3	5.3	5.7	6.7	0.0	0.0
Long-term debt	10.8	14.3	16.0	12.9	12.9	12.9	12.9
Provisions for pensions and similar obligations	0.4	5.7	5.9	6.8	6.8	7.0	7.2
Other provisions	16.5	18.3	19.5	21.1	21.1	0.0	0.0
<b>Non-current liabilities</b>	<b>27.7</b>	<b>38.2</b>	<b>41.5</b>	<b>40.8</b>	<b>40.8</b>	<b>19.9</b>	<b>20.1</b>
short-term liabilities to banks	7.8	5.8	5.8	8.1	8.1	8.1	8.1
Accounts payable	4.3	4.4	4.3	5.3	5.3	5.4	5.6
Advance payments received on orders	1.0	8.0	3.4	1.3	1.3	1.3	1.3
Other liabilities (incl. from lease and rental contracts)	12.3	14.4	15.3	7.3	16.4	16.9	17.5
Deferred taxes	1.1	2.6	0.0	1.8	1.8	1.9	1.9
Deferred income	1.8	1.8	0.6	2.0	2.0	2.1	2.2
<b>Current liabilities</b>	<b>28.3</b>	<b>37.0</b>	<b>29.4</b>	<b>25.9</b>	<b>34.9</b>	<b>35.7</b>	<b>36.6</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>98.8</b>	<b>161.9</b>	<b>144.4</b>	<b>154.0</b>	<b>169.0</b>	<b>179.7</b>	<b>192.6</b>

Balance sheet (common size)	2008	2009	2010	2011	2012E	2013E	2014E
<b>Intangible assets</b>	<b>39.2 %</b>	<b>26.0 %</b>	<b>28.3 %</b>	<b>29.2 %</b>	<b>26.6 %</b>	<b>25.1 %</b>	<b>23.4 %</b>
Property, plant and equipment	24.1 %	16.8 %	19.1 %	18.8 %	21.2 %	23.7 %	17.6 %
Financial assets	1.4 %	1.1 %	0.9 %	0.8 %	0.8 %	0.7 %	0.7 %
<b>FIXED ASSETS</b>	<b>64.7 %</b>	<b>43.9 %</b>	<b>48.3 %</b>	<b>48.8 %</b>	<b>48.6 %</b>	<b>49.4 %</b>	<b>41.6 %</b>
Inventories	8.7 %	7.8 %	8.8 %	9.2 %	8.3 %	8.1 %	8.0 %
Accounts receivable	14.2 %	10.0 %	11.9 %	11.7 %	10.8 %	10.5 %	10.1 %
Other current assets	3.5 %	3.9 %	2.1 %	3.0 %	4.2 %	4.1 %	3.9 %
Liquid assets	7.7 %	27.1 %	20.4 %	21.0 %	22.5 %	22.5 %	31.1 %
Deferred taxes	1.2 %	7.3 %	8.5 %	6.2 %	5.6 %	5.4 %	5.2 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>CURRENT ASSETS</b>	<b>35.3 %</b>	<b>56.1 %</b>	<b>51.7 %</b>	<b>51.2 %</b>	<b>51.4 %</b>	<b>50.6 %</b>	<b>58.4 %</b>
<b>TOTAL ASSETS</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
SHAREHOLDERS EQUITY	41.4 %	47.2 %	47.3 %	53.0 %	51.3 %	69.1 %	70.6 %
MINORITY INTEREST	2.0 %	6.3 %	3.7 %	3.7 %	4.0 %	0.0 %	0.0 %
Long-term debt	10.9 %	8.8 %	11.1 %	8.4 %	7.6 %	7.2 %	6.7 %
Provisions for pensions and similar obligations	0.4 %	3.5 %	4.1 %	4.4 %	4.0 %	3.9 %	3.7 %
Other provisions	16.7 %	11.3 %	13.5 %	13.7 %	12.5 %	0.0 %	0.0 %
<b>Non-current liabilities</b>	<b>28.0 %</b>	<b>23.6 %</b>	<b>28.7 %</b>	<b>26.5 %</b>	<b>24.1 %</b>	<b>11.1 %</b>	<b>10.4 %</b>
short-term liabilities to banks	7.8 %	3.6 %	4.0 %	5.3 %	4.8 %	4.5 %	4.2 %
Accounts payable	4.3 %	2.7 %	3.0 %	3.4 %	3.1 %	3.0 %	2.9 %
Advance payments received on orders	1.0 %	4.9 %	2.3 %	0.9 %	0.8 %	0.7 %	0.7 %
Other liabilities (incl. from lease and rental contracts)	12.5 %	8.9 %	10.6 %	4.7 %	9.7 %	9.4 %	9.1 %
Deferred taxes	1.2 %	1.6 %	0.0 %	1.2 %	1.1 %	1.0 %	1.0 %
Deferred income	1.8 %	1.1 %	0.4 %	1.3 %	1.2 %	1.2 %	1.1 %
<b>Current liabilities</b>	<b>28.6 %</b>	<b>22.9 %</b>	<b>20.3 %</b>	<b>16.8 %</b>	<b>20.6 %</b>	<b>19.9 %</b>	<b>19.0 %</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

Source: Company data, Hauck & Aufhäuser

Cash flow statement (EUR m)	2008	2009	2010	2011	2012E	2013E	2014E
Net profit/loss	3.0	15.7	10.4	11.4	12.0	12.7	15.4
Depreciation of fixed assets (incl. leases)	9.2	7.0	9.8	7.5	8.1	8.3	8.6
Amortisation of goodwill	0.0	4.4	0.0	0.0	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	-5.0	-0.8	1.6	11.9	-0.1	0.2	0.2
Cash flow from operations before changes in w/c	7.1	26.3	16.9	30.8	20.0	21.2	24.3
Increase/decrease in inventory	-0.8	-4.1	0.0	-1.5	0.1	-0.5	-0.8
Increase/decrease in accounts receivable	-2.5	-2.2	-1.0	-0.8	-0.2	-0.6	-0.6
Increase/decrease in accounts payable	0.4	0.1	-0.1	1.0	0.0	0.2	0.2
Increase/decrease in other working capital positions	4.4	6.3	-0.6	-11.6	6.7	0.3	0.3
Increase/decrease in working capital	1.5	0.2	-1.8	-13.0	6.5	-0.6	-1.0
<b>Cash flow from operating activities</b>	<b>8.6</b>	<b>26.5</b>	<b>15.0</b>	<b>17.8</b>	<b>26.6</b>	<b>20.6</b>	<b>23.3</b>
CAPEX	6.0	5.7	7.7	9.2	15.0	15.0	0.0
Payments for acquisitions	0.2	5.3	22.8	0.0	0.0	0.0	0.0
Financial investments	-0.5	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.2	1.3	0.2	0.3	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-5.5</b>	<b>-9.7</b>	<b>-30.4</b>	<b>-8.9</b>	<b>-15.0</b>	<b>-15.0</b>	<b>0.0</b>
Cash flow before financing	3.1	16.8	-15.4	9.0	3.1	3.2	3.8
Increase/decrease in debt position	0.6	1.9	1.7	-5.5	0.0	0.0	0.0
Purchase of own shares	0.0	4.5	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	24.4	1.3	0.0	0.0	0.0	0.0
Dividends paid	0.8	0.6	2.3	3.1	3.1	3.2	3.8
Others	-0.1	-1.6	0.0	-1.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.1	-0.3	0.4	0.8	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-0.3</b>	<b>19.5</b>	<b>0.7</b>	<b>-9.7</b>	<b>-3.1</b>	<b>-3.2</b>	<b>-3.8</b>
Increase/decrease in liquid assets	2.9	36.0	-14.2	0.1	n/a	n/a	n/a
<b>Liquid assets at end of period</b>	<b>7.6</b>	<b>43.6</b>	<b>29.4</b>	<b>29.5</b>	<b>38.0</b>	<b>40.4</b>	<b>59.8</b>

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2008	2009	2010	2011	2012E	2013E	2014E
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	43.9	61.9	67.8	70.9	70.3	72.6	0.0
yoy change	42.5 %	40.9 %	9.6 %	4.6 %	-0.9 %	3.2 %	n/a
NAFTA	20.3	27.4	31.1	33.7	34.6	35.7	0.0
yoy change	6.8 %	34.9 %	13.6 %	8.3 %	2.6 %	3.2 %	n/a
Asia Pacific	6.2	10.1	11.1	10.5	9.2	9.5	0.0
yoy change	138.5 %	63.5 %	9.6 %	-5.9 %	-11.9 %	3.2 %	n/a
Rest of world	1.2	2.0	1.1	1.2	1.2	1.2	0.0
yoy change	-40.0 %	69.0 %	-45.2 %	4.6 %	-0.9 %	3.2 %	n/a
<b>TTL</b>	<b>71.6</b>	<b>101.4</b>	<b>111.1</b>	<b>116.2</b>	<b>115.2</b>	<b>118.9</b>	<b>0.0</b>
yoy change	31.6 %	41.6 %	9.6 %	4.6 %	-0.9 %	3.2 %	n/a

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2008	2009	2010	2011	2012E	2013E	2014E
<b>P&amp;L growth analysis</b>							
Sales growth	31.5 %	41.6 %	9.6 %	4.6 %	-0.9 %	3.2 %	3.4 %
EBITDA growth	93.1 %	20.4 %	17.1 %	15.1 %	-3.9 %	4.1 %	5.5 %
EBIT growth	60.6 %	61.3 %	7.2 %	38.1 %	-7.6 %	4.4 %	6.3 %
EPS growth	131.0 %	143.0 %	-48.0 %	9.1 %	5.2 %	5.5 %	33.2 %
<b>Efficiency</b>							
Total operating costs / sales	34.3 %	35.2 %	37.1 %	35.7 %	37.1 %	36.9 %	36.4 %
Sales per employee	181.3	202.8	218.3	212.4	209.5	n/a	n/a
EBITDA per employee	47.4	45.1	51.9	55.6	53.1	n/a	n/a
<b>Balance sheet analysis</b>							
Avg. working capital / sales	22.5 %	16.6 %	17.4 %	20.6 %	22.3 %	22.1 %	22.2 %
Inventory turnover (sales/inventory)	8.4	8.0	8.8	8.2	8.2	8.2	8.0
Trade debtors in days of sales	71.3	58.3	56.7	58.0	58.0	58.0	58.0
A/P turnover [(A/P*365)/sales]	41.8	32.1	29.6	37.4	37.4	37.4	37.4
Cash conversion cycle (days)	112.9	117.9	113.9	119.6	120.8	n/a	n/a
<b>Cash flow analysis</b>							
Free cash flow	2.6	20.8	7.3	8.6	11.6	5.6	23.3
Free cash flow/sales	3.6 %	20.5 %	6.6 %	7.4 %	10.0 %	4.7 %	18.9 %
FCF / net profit	57.9 %	156.9 %	77.5 %	82.9 %	105.4 %	48.8 %	151.2 %
FCF yield	3.7 %	17.8 %	6.3 %	7.4 %	9.9 %	4.8 %	20.0 %
Capex / depn	59.7 %	49.8 %	78.5 %	122.2 %	186.0 %	180.2 %	0.0 %
Capex / maintenance capex	0.0 %	0.0 %	78.5 %	122.2 %	186.0 %	180.2 %	0.0 %
Capex / sales	7.6 %	5.6 %	7.0 %	7.9 %	13.0 %	12.6 %	0.0 %
<b>Security</b>							
Net debt	10.9	-23.8	-7.6	-11.3	-17.0	-19.4	-38.8
Net Debt/EBITDA	0.6	0.0	0.0	0.0	0.0	0.0	0.0
Net debt / equity	0.3	-0.3	-0.1	-0.1	-0.2	-0.2	-0.3
Interest cover	7.7	11.6	6.6	7.9	7.3	7.6	18.6
Dividend payout ratio	14.1 %	17.4 %	32.7 %	29.6 %	29.6 %	33.3 %	30.4 %
<b>Asset utilisation</b>							
Capital employed turnover	0.9	0.8	1.0	0.9	0.8	0.8	0.7
Operating assets turnover	1.7	2.3	2.2	2.1	1.9	1.7	2.0
Plant turnover	3.0	3.7	4.0	4.0	3.2	2.8	3.6
Inventory turnover (sales/inventory)	8.4	8.0	8.8	8.2	8.2	8.2	8.0
<b>Returns</b>							
ROCE	10.4 %	14.4 %	16.2 %	19.1 %	15.8 %	15.3 %	14.8 %
ROE	11.0 %	17.3 %	13.8 %	12.8 %	12.7 %	9.3 %	11.3 %
<b>Other</b>							
Interest paid / avg. debt	8.1 %	6.9 %	12.0 %	13.5 %	13.8 %	13.8 %	6.0 %
No. employees (average)	395	500	509	547	550	0	0
Number of shares	3.1	3.8	5.2	5.3	5.3	5.3	5.3
DPS	0.3	0.5	0.6	0.6	0.6	0.7	0.9
EPS reported	1.43	3.48	1.81	1.98	2.08	2.19	2.92
<b>Valuation ratios</b>							
P/BV	1.8	1.1	1.7	1.5	1.4	1.0	0.9
EV/sales	1.1	1.0	1.0	1.0	0.9	0.9	0.7
EV/EBITDA	4.4	4.5	4.4	3.7	3.6	3.4	2.7
EV/EBITA	8.5	4.5	6.9	4.9	5.0	4.7	3.6
EV/EBIT	8.5	6.6	6.9	4.9	5.0	4.7	3.6
EV/FCF	31.4	4.7	15.8	13.0	9.2	18.5	3.7
Dividend yield	1.3 %	2.0 %	2.6 %	2.6 %	2.8 %	2.9 %	3.9 %

Source: Company data, Hauck & Aufhäuser

## Disclosure in respect of section 34b of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG)

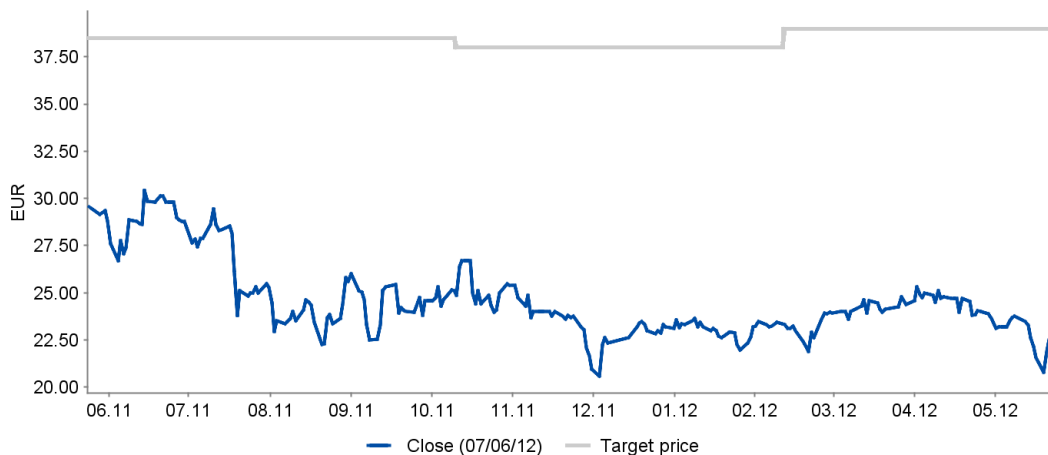
Company	Disclosure
Eckert & Ziegler AG	2, 5

- (1) Hauck & Aufhäuser or its affiliate(s) was Lead Manager or Co-Lead Manager over the previous 12 months of a public offering of this company.
- (2) Hauck & Aufhäuser offers Equity Advisory Services.
- (3) Over the previous 12 months, Hauck & Aufhäuser and/or its affiliate(s) has effected an agreement with this company for investment banking services or received compensation or a promise to pay from this company for investment banking services.
- (4) Hauck & Aufhäuser and/or its affiliate(s) hold 5 % or more of the share capital of this company.
- (5) Hauck & Aufhäuser holds a trading position in shares of this company.
- (6) Hauck & Aufhäuser and/or its affiliate(s) holds a net short position of 1 % or more of the share capital of this company, calculated by methods required by German law as of the last trading day of the past month.
- (7) Within the last five years Hauck & Aufhäuser was a member of the issuing syndicate of this company.
- (8) The research report has been made available to the company prior to its publication / dissemination. Thereafter, only factual changes have been made to the report

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

#### Price and Rating History Eckert & Ziegler AG as of 08/06/12

Initiation coverage  
08-April-10



### Hauck & Aufhäuser distribution of ratings and in proportion to investment banking services

<b>Buy</b>	84.52 %	100.00 %
<b>Sell</b>	7.14 %	0.00 %
<b>Hold</b>	8.33 %	0.00 %

### Valuation basis/rating key

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

**Sell:** Sustainable downside potential of more than 10% within 12 months.

**Hold:** Upside/downside potential limited. No immediate catalyst visible.

### Competent supervisory authority

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

## Important Disclosures

This research report has been prepared by Hauck & Aufhäuser Institutional Research AG, Hamburg, or one of its affiliates (“**Hauck & Aufhäuser**”).

Hauck & Aufhäuser has made every effort to carefully research all information contained in this financial analysis. The information on which the financial analysis is based has been obtained from sources which we believe to be reliable such as, for example, Reuters, Bloomberg and the relevant specialised press as well as the company which is the subject of this financial analysis.

Only that part of the research note is made available to the issuer, who is the subject of this analysis, which is necessary to properly reconcile with the facts. Should this result change considerably, a reference is made in the research note.

Opinions expressed in this financial analysis are the current, personal opinions of the analyst responsible for the document as of the issuing date indicated on this document and are subject to change without notice. Hauck & Aufhäuser does not commit itself in advance to whether and in which intervals an update is made. Also, the opinions in this document do not necessarily correspond to the opinions of Hauck & Aufhäuser.

The document and the recommendations and estimations contained therein are not linked - whether directly or indirectly - to the compensation of the analyst responsible for the document.

No representation, guarantees or warranties are made by Hauck & Aufhäuser with regard to the accuracy, completeness or suitability regarding all the information on the stocks, stock markets or developments referred to in it.

On no account should the document be regarded as a substitute for the recipient's procuring information for himself or exercising his own judgements.

The document has been produced for information purposes only, and only for institutional clients or market professionals. In particular, it is not intended to be distributed to private investors or private customers. Private investors or private customers, into whose possession this document comes, should discuss possible investment decisions with their customer service officer as differing views and opinions may exist with regard to the stocks referred to in this document.

This document is not a recommendation, offer or solicitation to buy or sell the mentioned stock and will not form the basis or a part of any contract.

The document may include certain descriptions, statements, estimates, and conclusions underlining potential market and company development. These reflect assumptions, which may turn out to be incorrect. Past performance is not a guide to future results. The price of securities may decrease or increase and as a result investors may lose the amount originally invested. Changes in exchange rates may also cause the value of investments to decrease or increase. Hauck & Aufhäuser and/or its directors, officers and employees accept no responsibility or liability whatsoever for any direct or consequential loss or damages of any kind arising out of the use of this document or any part of its content. To the extent this research report is being transmitted in connection with an existing contractual relationship, e.g. financial advisory or similar services, the liability of Hauck & Aufhäuser shall be restricted to gross negligence and wilful misconduct. In any case, the liability of Hauck & Aufhäuser is limited to typical, foreseeable damages and liability for any indirect damages is excluded.

Hauck & Aufhäuser may act as market-maker or underwrite issues for any securities mentioned in this document, derivatives thereon or related financial products or perform or seek to perform capital market or underwriting services.

Hauck & Aufhäuser reserves all the rights in this document. No part of the document or its content may be rewritten, copied, photocopied or duplicated in any form by any means or redistributed without Hauck & Aufhäuser's prior written consent.

**Please note that our research is only for the personal use of Hauck & Aufhäuser institutional clients. Do not pass on to third parties or make available to third parties. From time to time Hauck & Aufhäuser Institutional Research AG will be compensated for its services using soft dollar compensation arrangements, such as trading commissions.**

By accepting this document, a recipient hereof agrees to be bound by the foregoing limitations.

## Remarks regarding foreign investors

The preparation of this document is subject to regulation by German law. The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions

## Contacts: Hauck&Aufhäuser Investment Banking

### Hauck & Aufhäuser Research

Hauck & Aufhäuser  
Institutional Research AG  
Mittelweg 142

20148 Hamburg  
Germany

Tel.: +49 (0) 40 414 3885 - 70  
Fax: +49 (0) 40 414 3885 - 71  
Email: [info@ha-research.de](mailto:info@ha-research.de)  
[www.ha-research.de](http://www.ha-research.de)

**Sascha Berresch, CFA**  
Analyst

Tel.: +49 (0)40 414 3885 - 85  
E-Mail: [sascha.berresch@ha-research.de](mailto:sascha.berresch@ha-research.de)

**Marie-Therese Gruebner**  
Analyst

Tel.: +49 (0)40 414 3885 - 83  
E-Mail: [marie-therese.gruebner@ha-research.de](mailto:marie-therese.gruebner@ha-research.de)

**Thomas Wissler**  
Analyst

Tel.: +49 (0)40 414 3885 - 80  
E-Mail: [thomas.wissler@ha-research.de](mailto:thomas.wissler@ha-research.de)

**Henning Breiter**  
Analyst

Tel.: +49 (0)40 414 3885 - 73  
E-Mail: [henning.breiter@ha-research.de](mailto:henning.breiter@ha-research.de)

**Christian Schwenkenbecher**  
Analyst

Tel.: +49 (0)40 414 3885 - 76  
E-Mail: [christian.schwenkenbecher@ha-research.de](mailto:christian.schwenkenbecher@ha-research.de)

**Tim Wunderlich, CFA**  
Analyst

Tel.: +49 (0)40 414 3885 - 81  
E-Mail: [tim.wunderlich@ha-research.de](mailto:tim.wunderlich@ha-research.de)

**Nils-Peter Fitzl**  
Analyst

Tel.: +49 (0)40 414 3885 - 86  
E-Mail: [nils-peter.fitzl@ha-research.de](mailto:nils-peter.fitzl@ha-research.de)

**Torben Teichler**  
Analyst

Tel.: +49 (0)40 414 3885 - 74  
E-Mail: [torben.teichler@ha-research.de](mailto:torben.teichler@ha-research.de)

### Hauck & Aufhäuser Sales

**Vincent Bischoff**  
Sales

Tel.: +49 (0)40 414 3885 - 88  
E-Mail: [vincent.bischoff@ha-research.de](mailto:vincent.bischoff@ha-research.de)

**Hugues Madelin**  
Sales

Tel.: +33 1 78 41 40 62  
E-Mail: [hugues.madelin@ha-research.de](mailto:hugues.madelin@ha-research.de)

**Hamish Edsell**  
Sales

Tel.: +44 207 763 2180  
E-Mail: [hamish.edsell@ha-research.de](mailto:hamish.edsell@ha-research.de)

**Toby Woods**  
Sales

Tel.: +44 207 763 7179  
E-Mail: [toby.woods@ha-research.de](mailto:toby.woods@ha-research.de)

### Supervisory Board

**Graeme Davies**  
Chairman

Tel.: +49 (0)40 414 3885 - 72  
E-Mail: [graeme.davies@ha-research.de](mailto:graeme.davies@ha-research.de)

**Michael Schramm**

Tel.: +49 (0)69 2161 - 1240  
E-Mail: [michael.schramm@hauck-aufhaeuser.de](mailto:michael.schramm@hauck-aufhaeuser.de)

**Jochen Lucht**

Tel.: +49 (0)69 2161 - 1260  
E-Mail: [jochen.lucht@hauck-aufhaeuser.de](mailto:jochen.lucht@hauck-aufhaeuser.de)

### Hauck & Aufhäuser Sales Trading

Hauck & Aufhäuser  
Privatbankiers KGaA  
Kaiserstraße 24

60311 Frankfurt am Main  
Germany

Tel.: +49 (0) 69 2161- 0  
Fax: +49 (0) 69 2161- 1340  
Email: [info@hauck-aufhaeuser.de](mailto:info@hauck-aufhaeuser.de)  
[www.hauck-aufhaeuser.de](http://www.hauck-aufhaeuser.de)

**Mirko Brueggemann**  
Trading

Tel.: +49 (0)69 2161 - 1525  
E-Mail: [mirko.brueggemann@hauck-aufhaeuser.de](mailto:mirko.brueggemann@hauck-aufhaeuser.de)

**Sebastian Schuett**  
Trading

Tel.: +49 (0)69 2161 - 1556  
E-Mail: [sebastian.schuett@hauck-aufhaeuser.de](mailto:sebastian.schuett@hauck-aufhaeuser.de)

**Thomas Seibert**  
Trading

Tel.: +49 (0)69 2161 - 1555  
E-Mail: [thomas.seibert@hauck-aufhaeuser.de](mailto:thomas.seibert@hauck-aufhaeuser.de)