



Buy (old: Buy)

Price target: EUR 30.00 (old: EUR 30.00)

| | | | |
|-------------------|-----------|--------------------------|-------------|
| Price: | EUR 19.00 | Next result: | Q4 26.03.15 |
| Bloomberg: | EUZ GR | Market cap: | EUR 97.6 m |
| Reuters: | EUZG.DE | Enterprise Value: | EUR 101.3 m |

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Profit warning due to weak Therapy business

Eckert & Ziegler issued a profit warning yesterday evening, stating that its **FY 2014 EPS would fall short of the initial target of € 2.00 by 30%** and come in at around € 1.25 (excluding possible positive one offs). While the extent of the shortfall is significant, **we already expected a much weaker performance than initially guided** (eH&A € 1.61). Final figures will be published on 26 March 2015.

The **weak profitability is largely a result of a lacklustre Therapy business**. As outlined in our last update from November 6 the business is suffering from:

- A **marked reduction in afterloader sales** by 50% to Eastern Europe on the back of the Ukrainian crisis which led to reduced investments across the region.
- **Declining radioactive prostate seed volumes** used in brachytherapy in the US due to a general shift away from the treatment which is partly influenced by changed cancer screening procedures.

Amid a lower capacity utilisation and price pressure in the US, **the EBIT of the segment looks set to come in at -€ 3m instead of the initially anticipated break even result**. The shortfall is likely to be only partly compensated by Eckert & Ziegler's other segments which we expect to have developed well however. For the time being, **we leave our estimates which are below the initial guidance unchanged** as management indicated that it might still book some smaller positive one offs.

Conclusion: The profit warning underscores our view that the company's Therapy business remains under pressure which should weigh on the group's performance also going forward. **Despite the negative newsflow, trading at 6.2x EV/EBIT 2015E valuation remains undemanding.**

Buy. PT of € 30 is based on FCFY 2015E.



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks: 30.50 / 18.96

Price/Book Ratio: 1.1

Relative performance (SDAX):

3 months -22.5 %

6 months -22.3 %

12 months -41.1 %

Changes in estimates

| | | Sales | EBIT | EPS |
|------|------|-------|------|------|
| 2014 | old: | 125.5 | 13.6 | 1.61 |
| | Δ | - | - | - |
| 2015 | old: | 133.3 | 15.6 | 1.84 |
| | Δ | - | - | - |
| 2016 | old: | 139.3 | 17.5 | 2.11 |
| | 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 67.8 %

Founders 32.2 %

Eckert & Ziegler AG 0.1 %

Company description:

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

| Y/E 31.12 (EUR m) | 2010 | 2011 | 2012 | 2013 | 2014E | 2015E | 2016E |
|---------------------|---------|---------|---------|--------|--------|---------|---------|
| Sales | 111.1 | 116.2 | 120.0 | 117.1 | 125.5 | 133.3 | 139.3 |
| Sales growth | 10 % | 5 % | 3 % | -2 % | 7 % | 6 % | 4 % |
| EBITDA | 26.4 | 30.4 | 27.5 | 22.1 | 22.6 | 24.7 | 26.8 |
| EBIT | 16.6 | 22.9 | 19.7 | 12.8 | 13.6 | 15.6 | 17.5 |
| Net income | 9.4 | 10.4 | 10.3 | 9.1 | 8.5 | 9.7 | 11.2 |
| Net debt | -7.6 | -14.3 | -15.4 | -6.8 | -5.1 | -10.2 | -17.1 |
| Net gearing | -11.2 % | -18.9 % | -19.1 % | -8.2 % | -5.8 % | -10.7 % | -20.8 % |
| Net Debt/EBITDA | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EPS pro forma | 1.81 | 1.98 | 1.95 | 1.72 | 1.61 | 1.84 | 2.11 |
| CPS | 1.01 | 2.46 | 1.74 | 1.14 | 0.68 | 1.45 | 1.84 |
| DPS | 0.60 | 0.60 | 0.60 | 0.60 | 0.46 | 0.00 | 0.00 |
| Dividend yield | 3.2 % | 3.2 % | 3.2 % | 3.2 % | 2.4 % | 2.8 % | 3.3 % |
| Gross profit margin | 52.0 % | 55.4 % | 54.3 % | 48.7 % | 55.4 % | 55.6 % | 55.8 % |
| EBITDA margin | 23.8 % | 26.2 % | 22.9 % | 18.8 % | 18.0 % | 18.5 % | 19.3 % |
| EBIT margin | 14.9 % | 19.7 % | 16.4 % | 10.9 % | 10.8 % | 11.7 % | 12.6 % |
| ROCE | 14.3 % | 19.9 % | 15.9 % | 9.3 % | 9.0 % | 10.1 % | 11.7 % |
| EV/sales | 0.9 | 0.8 | 0.8 | 0.8 | 0.8 | 0.7 | 0.6 |
| EV/EBITDA | 3.6 | 3.0 | 3.3 | 4.5 | 4.5 | 3.9 | 3.3 |
| EV/EBIT | 5.8 | 3.9 | 4.6 | 7.8 | 7.4 | 6.2 | 5.1 |
| PER | 10.5 | 9.6 | 9.7 | 11.1 | 11.8 | 10.3 | 9.0 |
| Adjusted FCF yield | 12.2 % | 15.1 % | 15.5 % | 10.3 % | 11.4 % | 12.9 % | 15.3 % |

Source: Company data, Hauck & Aufhäuser Close price as of: 05.01.2015

Financials

| Profit and loss (EUR m) | 2010 | 2011 | 2012 | 2013 | 2014E | 2015E | 2016E |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Sales | 111.1 | 116.2 | 120.0 | 117.1 | 125.5 | 133.3 | 139.3 |
| <i>Sales growth</i> | 9.6 % | 4.6 % | 3.3 % | -2.4 % | 7.2 % | 6.2 % | 4.5 % |
| Cost of sales | 53.3 | 51.8 | 54.8 | 60.1 | 56.0 | 59.2 | 61.6 |
| Gross profit | 57.8 | 64.4 | 65.2 | 57.1 | 69.5 | 74.1 | 77.7 |
| Sales and marketing | 18.9 | 19.5 | 20.6 | 21.9 | 23.5 | 25.0 | 26.1 |
| General and administration | 18.8 | 19.2 | 22.8 | 23.9 | 25.7 | 27.2 | 28.5 |
| Research and development | 2.9 | 3.0 | 3.5 | 4.9 | 3.3 | 3.5 | 3.6 |
| Other operating income | 3.9 | 4.7 | 9.5 | 8.6 | 9.3 | 9.8 | 10.3 |
| Other operating expenses | 4.5 | 4.5 | 8.1 | 2.2 | 12.8 | 12.7 | 12.3 |
| Unusual or infrequent items | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| EBITDA | 26.4 | 30.4 | 27.5 | 22.1 | 22.6 | 24.7 | 26.8 |
| Depreciation | 9.8 | 7.5 | 7.7 | 9.3 | 9.0 | 9.1 | 9.3 |
| EBITA | 16.6 | 22.9 | 19.7 | 12.8 | 13.6 | 15.6 | 17.5 |
| Amortisation of goodwill | 0.0 | 0.0 | 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 |
| EBIT | 16.6 | 22.9 | 19.7 | 12.8 | 13.6 | 15.6 | 17.5 |
| Interest income | 0.3 | 0.2 | 0.5 | 1.3 | 0.2 | 0.3 | 0.3 |
| Interest expenses | 2.5 | 2.9 | 2.8 | 1.2 | 1.3 | 2.0 | 1.7 |
| Other financial result | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Financial result | -2.2 | -2.7 | -2.3 | 0.1 | -1.1 | -1.8 | -1.4 |
| Recurring pretax income from continuing operations | 14.4 | 20.2 | 17.5 | 12.9 | 12.5 | 13.8 | 16.1 |
| Extraordinary income/loss | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Earnings before taxes | 14.4 | 20.2 | 17.5 | 12.9 | 12.5 | 13.8 | 16.1 |
| Taxes | 3.9 | 8.8 | 5.7 | 2.4 | 4.4 | 4.4 | 5.2 |
| Net income from continuing operations | 10.4 | 11.4 | 11.8 | 10.5 | 8.1 | 9.4 | 11.0 |
| Result from discontinued operations (net of tax) | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net income | 10.4 | 11.4 | 11.8 | 10.5 | 8.1 | 9.4 | 11.0 |
| Minority interest | 1.0 | 1.0 | 1.5 | 1.4 | -0.4 | -0.3 | -0.2 |
| Net income (net of minority interest) | 9.4 | 10.4 | 10.3 | 9.1 | 8.5 | 9.7 | 11.2 |
| Average number of shares | 5.2 | 5.3 | 5.3 | 5.3 | 5.3 | 5.3 | 5.3 |
| EPS reported | 1.81 | 1.98 | 1.95 | 1.72 | 1.61 | 1.84 | 2.11 |

| Profit and loss (common size) | 2010 | 2011 | 2012 | 2013 | 2014E | 2015E | 2016E |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Sales | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % |
| Cost of sales | 48.0 % | 44.6 % | 45.7 % | 51.3 % | 44.6 % | 44.4 % | 44.2 % |
| Gross profit | 52.0 % | 55.4 % | 54.3 % | 48.7 % | 55.4 % | 55.6 % | 55.8 % |
| Sales and marketing | 17.0 % | 16.8 % | 17.2 % | 18.7 % | 18.7 % | 18.7 % | 18.7 % |
| General and administration | 16.9 % | 16.5 % | 19.0 % | 20.4 % | 20.4 % | 20.4 % | 20.4 % |
| Research and development | 2.6 % | 2.6 % | 2.9 % | 4.2 % | 2.6 % | 2.6 % | 2.6 % |
| Other operating income | 3.5 % | 4.0 % | 7.9 % | 7.4 % | 7.4 % | 7.4 % | 7.4 % |
| Other operating expenses | 4.0 % | 3.8 % | 6.8 % | 1.8 % | 10.2 % | 9.5 % | 8.9 % |
| Unusual or infrequent items | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| EBITDA | 23.8 % | 26.2 % | 22.9 % | 18.8 % | 18.0 % | 18.5 % | 19.3 % |
| Depreciation | 8.9 % | 6.5 % | 6.5 % | 7.9 % | 7.2 % | 6.8 % | 6.7 % |
| EBITA | 14.9 % | 19.7 % | 16.4 % | 10.9 % | 10.8 % | 11.7 % | 12.6 % |
| Amortisation of goodwill | 0.0 % | 0.0 % | 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 % |
| EBIT | 14.9 % | 19.7 % | 16.4 % | 10.9 % | 10.8 % | 11.7 % | 12.6 % |
| Interest income | 0.3 % | 0.2 % | 0.4 % | 1.1 % | 0.2 % | 0.2 % | 0.2 % |
| Interest expenses | 2.3 % | 2.5 % | 2.3 % | 1.0 % | 1.1 % | 1.5 % | 1.2 % |
| Other financial result | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Financial result | -2.0 % | -2.3 % | -1.9 % | 0.1 % | -0.9 % | -1.3 % | -1.0 % |
| Recurring pretax income from continuing operations | 12.9 % | 17.4 % | 14.6 % | 11.0 % | 10.0 % | 10.4 % | 11.6 % |
| Extraordinary income/loss | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Earnings before taxes | 12.9 % | 17.4 % | 14.6 % | 11.0 % | 10.0 % | 10.4 % | 11.6 % |
| Tax rate | 27.4 % | 43.6 % | 32.6 % | 18.9 % | 35.0 % | 32.0 % | 32.0 % |
| Net income from continuing operations | 9.4 % | 9.8 % | 9.8 % | 9.0 % | 6.5 % | 7.1 % | 7.9 % |
| Result from discontinued operations (net of tax) | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| Net income | 9.4 % | 9.8 % | 9.8 % | 9.0 % | 6.5 % | 7.1 % | 7.9 % |
| Minority interest | 0.9 % | 0.9 % | 1.2 % | 1.2 % | -0.3 % | -0.2 % | -0.1 % |
| Net income (net of minority interest) | 8.5 % | 9.0 % | 8.6 % | 7.8 % | 6.8 % | 7.3 % | 8.0 % |

Source: Company data, Hauck & Aufhäuser

| Balance sheet (EUR m) | 2010 | 2011 | 2012 | 2013 | 2014E | 2015E | 2016E |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Intangible assets | 40.9 | 45.0 | 45.8 | 52.7 | 52.7 | 52.7 | 52.7 |
| Property, plant and equipment | 27.6 | 28.9 | 31.2 | 33.5 | 33.5 | 33.4 | 24.1 |
| Financial assets | 1.3 | 1.4 | 4.0 | 7.3 | 7.3 | 7.3 | 7.3 |
| FIXED ASSETS | 69.8 | 75.3 | 81.0 | 93.5 | 93.4 | 93.4 | 84.0 |
| Inventories | 12.7 | 14.2 | 15.5 | 17.8 | 19.3 | 20.8 | 21.8 |
| Accounts receivable | 17.3 | 18.1 | 22.0 | 23.1 | 24.8 | 26.7 | 28.2 |
| Other current assets | 3.1 | 4.7 | 6.0 | 5.2 | 7.7 | 8.2 | 8.6 |
| Liquid assets | 29.4 | 32.3 | 30.8 | 29.4 | 24.2 | 27.2 | 32.3 |
| Deferred taxes | 12.2 | 9.5 | 9.1 | 9.9 | 10.3 | 10.9 | 0.0 |
| Deferred charges and prepaid expenses | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| CURRENT ASSETS | 74.7 | 78.8 | 83.4 | 85.4 | 86.3 | 93.8 | 90.9 |
| TOTAL ASSETS | 144.5 | 154.0 | 164.4 | 178.9 | 179.8 | 187.1 | 174.9 |
| SHAREHOLDERS EQUITY | 68.3 | 75.9 | 80.7 | 83.5 | 87.9 | 94.7 | 82.2 |
| MINORITY INTEREST | 5.3 | 5.7 | 6.2 | 7.1 | 6.7 | 6.7 | 6.7 |
| Long-term debt | 16.0 | 12.9 | 9.8 | 17.6 | 14.1 | 11.9 | 10.2 |
| Provisions for pensions and similar obligations | 5.9 | 6.8 | 8.9 | 8.7 | 8.9 | 9.0 | 9.2 |
| Other provisions | 19.5 | 21.1 | 22.0 | 28.0 | 28.6 | 29.2 | 29.7 |
| Non-current liabilities | 41.5 | 40.8 | 40.6 | 54.3 | 51.5 | 50.1 | 49.1 |
| short-term liabilities to banks | 5.8 | 5.1 | 5.7 | 5.1 | 5.1 | 5.1 | 5.1 |
| Accounts payable | 4.3 | 5.3 | 7.5 | 7.8 | 7.1 | 7.3 | 7.6 |
| Advance payments received on orders | 3.4 | 1.3 | 2.3 | 2.2 | 2.3 | 2.3 | 2.3 |
| Other liabilities (incl. from lease and rental contracts) | 15.3 | 17.1 | 18.9 | 15.5 | 16.3 | 17.7 | 18.6 |
| Deferred taxes | 0.0 | 1.8 | 1.5 | 3.3 | 2.0 | 2.1 | 2.2 |
| Deferred income | 0.6 | 1.0 | 1.0 | 0.1 | 1.1 | 1.1 | 1.2 |
| Current liabilities | 29.4 | 31.6 | 36.9 | 34.0 | 33.7 | 35.6 | 36.9 |
| TOTAL LIABILITIES AND SHAREHOLDERS EQUITY | 144.4 | 154.0 | 164.4 | 178.9 | 179.8 | 187.1 | 174.9 |

| Balance sheet (common size) | 2010 | 2011 | 2012 | 2013 | 2014E | 2015E | 2016E |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| Intangible assets | 28.3 % | 29.2 % | 27.9 % | 29.4 % | 29.3 % | 28.1 % | 30.1 % |
| Property, plant and equipment | 19.1 % | 18.8 % | 18.9 % | 18.7 % | 18.6 % | 17.9 % | 13.8 % |
| Financial assets | 0.9 % | 0.9 % | 2.5 % | 4.1 % | 4.0 % | 3.9 % | 4.2 % |
| FIXED ASSETS | 48.3 % | 48.9 % | 49.3 % | 52.2 % | 52.0 % | 49.9 % | 48.0 % |
| Inventories | 8.8 % | 9.2 % | 9.4 % | 9.9 % | 10.7 % | 11.1 % | 12.4 % |
| Accounts receivable | 11.9 % | 11.7 % | 13.4 % | 12.9 % | 13.8 % | 14.2 % | 16.1 % |
| Other current assets | 2.1 % | 3.0 % | 3.7 % | 2.9 % | 4.3 % | 4.4 % | 4.9 % |
| Liquid assets | 20.4 % | 21.0 % | 18.8 % | 16.5 % | 13.5 % | 14.5 % | 18.5 % |
| Deferred taxes | 8.5 % | 6.2 % | 5.5 % | 5.6 % | 5.7 % | 5.8 % | 0.0 % |
| Deferred charges and prepaid expenses | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % | 0.0 % |
| CURRENT ASSETS | 51.7 % | 51.1 % | 50.7 % | 47.8 % | 48.0 % | 50.1 % | 52.0 % |
| TOTAL ASSETS | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % |
| SHAREHOLDERS EQUITY | 47.3 % | 49.3 % | 49.1 % | 46.7 % | 48.9 % | 50.6 % | 47.0 % |
| MINORITY INTEREST | 3.7 % | 3.7 % | 3.8 % | 4.0 % | 3.7 % | 3.6 % | 3.8 % |
| Long-term debt | 11.1 % | 8.4 % | 5.9 % | 9.8 % | 7.8 % | 6.4 % | 5.8 % |
| Provisions for pensions and similar obligations | 4.1 % | 4.4 % | 5.4 % | 4.9 % | 4.9 % | 4.8 % | 5.3 % |
| Other provisions | 13.5 % | 13.7 % | 13.4 % | 15.7 % | 15.9 % | 15.6 % | 17.0 % |
| Non-current liabilities | 28.7 % | 26.5 % | 24.7 % | 30.3 % | 28.7 % | 26.8 % | 28.1 % |
| short-term liabilities to banks | 4.0 % | 3.3 % | 3.4 % | 2.8 % | 2.8 % | 2.7 % | 2.9 % |
| Accounts payable | 3.0 % | 3.4 % | 4.5 % | 4.3 % | 3.9 % | 3.9 % | 4.3 % |
| Advance payments received on orders | 2.3 % | 0.9 % | 1.4 % | 1.3 % | 1.3 % | 1.2 % | 1.3 % |
| Other liabilities (incl. from lease and rental contracts) | 10.6 % | 11.1 % | 11.5 % | 8.7 % | 9.0 % | 9.5 % | 10.6 % |
| Deferred taxes | 0.0 % | 1.2 % | 0.9 % | 1.8 % | 1.1 % | 1.1 % | 1.2 % |
| Deferred income | 0.4 % | 0.6 % | 0.6 % | 0.1 % | 0.6 % | 0.6 % | 0.7 % |
| Current liabilities | 20.3 % | 20.5 % | 22.4 % | 19.0 % | 18.7 % | 19.0 % | 21.1 % |
| TOTAL LIABILITIES AND SHAREHOLDERS EQUITY | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % | 100.0 % |

Source: Company data, Hauck & Aufhäuser

| Cash flow statement (EUR m) | 2010 | 2011 | 2012 | 2013 | 2014E | 2015E | 2016E |
|--|--------------|-------------|--------------|--------------|-------------|-------------|-------------|
| Net profit/loss | 10.4 | 11.4 | 11.8 | 10.5 | 8.1 | 9.4 | 11.0 |
| Depreciation of fixed assets (incl. leases) | 9.8 | 7.5 | 7.7 | 2.6 | 9.0 | 9.1 | 9.3 |
| Amortisation of goodwill | 0.0 | 0.0 | 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 | 1.6 | 2.8 | -2.8 | 4.4 | 0.2 | 0.2 | 0.2 |
| Cash flow from operations before changes in w/c | 16.9 | 21.7 | 16.7 | 17.6 | 17.3 | 18.6 | 20.5 |
| Increase/decrease in inventory | 0.0 | -1.4 | -1.3 | -2.1 | -1.5 | -1.5 | -0.9 |
| Increase/decrease in accounts receivable | -1.0 | -1.2 | -2.2 | -0.2 | -1.7 | -1.9 | -1.6 |
| Increase/decrease in accounts payable | -0.1 | 1.0 | 5.5 | -3.6 | -0.7 | 0.2 | 0.3 |
| Increase/decrease in other working capital positions | -0.6 | 0.1 | -2.8 | 2.9 | -1.8 | 1.0 | 0.5 |
| Increase/decrease in working capital | -1.8 | -1.6 | -0.8 | -2.9 | -5.7 | -2.1 | -1.7 |
| Cash flow from operating activities | 15.0 | 20.2 | 15.9 | 14.6 | 11.6 | 16.5 | 18.8 |
| CAPEX | 7.7 | 9.2 | 9.8 | 9.7 | 9.0 | 9.0 | 9.0 |
| Payments for acquisitions | 22.8 | 0.0 | 0.0 | 7.4 | 0.0 | 0.0 | 0.0 |
| Financial investments | 0.0 | 0.0 | 0.0 | 0.4 | 0.0 | 0.0 | 0.0 |
| Income from asset disposals | 0.2 | 0.3 | -1.5 | 0.0 | 0.0 | 0.0 | 0.0 |
| Cash flow from investing activities | -30.4 | -8.9 | -11.4 | -17.4 | -9.0 | -9.0 | -9.0 |
| Cash flow before financing | -15.4 | 11.3 | 4.5 | -2.7 | 2.6 | 7.5 | 9.8 |
| Increase/decrease in debt position | 1.7 | -5.5 | -2.5 | 6.1 | -3.5 | -2.1 | -1.8 |
| Purchase of own shares | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Capital measures | 1.3 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Dividends paid | 2.3 | 3.2 | 3.1 | 3.2 | 3.7 | 2.5 | 2.8 |
| Others | 0.0 | 0.3 | -1.0 | -1.2 | 0.0 | 0.0 | 0.0 |
| Effects of exchange rate changes on cash | 0.4 | 0.2 | 0.0 | -0.4 | 0.0 | 0.0 | 0.0 |
| Cash flow from financing activities | 0.7 | -8.4 | -6.6 | 1.7 | -7.2 | -4.6 | -4.6 |
| Increase/decrease in liquid assets | -14.2 | 3.1 | -2.1 | -1.4 | -4.6 | 2.9 | 5.1 |
| Liquid assets at end of period | 29.4 | 32.5 | 30.2 | 28.8 | 24.2 | 27.2 | 32.3 |

Source: Company data, Hauck & Aufhäuser

| Regional split (EUR m) | 2010 | 2011 | 2012 | 2013 | 2014E | 2015E | 2016E |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 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 | 67.9 | 69.0 | 69.6 | 68.9 | 78.5 | 83.7 | 86.6 |
| yoy change | 9.8 % | 1.6 % | 0.9 % | -1.0 % | 14.0 % | 6.5 % | 3.5 % |
| NAFTA | 30.5 | 30.9 | 33.1 | 32.8 | 37.7 | 40.4 | 41.8 |
| yoy change | 11.4 % | 1.3 % | 7.1 % | -0.9 % | 15.0 % | 7.0 % | 3.5 % |
| Asia Pacific | 11.1 | 12.1 | 13.1 | 11.3 | 12.8 | 14.0 | 15.2 |
| yoy change | 9.5 % | 9.0 % | 8.3 % | -13.7 % | 13.0 % | 10.0 % | 8.0 % |
| Rest of world | 1.6 | 4.2 | 4.2 | 4.1 | -3.5 | -4.8 | -4.2 |
| yoy change | -21.1 % | 162.5 % | 0.0 % | -2.4 % | neg. | neg. | neg. |
| TTL | 111.1 | 116.2 | 120.0 | 117.1 | 125.5 | 133.3 | 139.3 |
| yoy change | 9.6 % | 4.6 % | 3.3 % | -2.4 % | 7.2 % | 6.2 % | 4.5 % |

Source: Company data, Hauck & Aufhäuser

| Key ratios (EUR m) | 2010 | 2011 | 2012 | 2013 | 2014E | 2015E | 2016E |
|--------------------------------------|---------|---------|---------|---------|---------|--------|--------|
| P&L growth analysis | | | | | | | |
| Sales growth | 9.6 % | 4.6 % | 3.3 % | -2.4 % | 7.2 % | 6.2 % | 4.5 % |
| EBITDA growth | 17.1 % | 15.1 % | -9.7 % | -19.7 % | 2.6 % | 9.0 % | 8.7 % |
| EBIT growth | 7.2 % | 38.2 % | -13.9 % | -35.0 % | 6.1 % | 14.8 % | 12.0 % |
| EPS growth | -48.0 % | 9.1 % | -1.2 % | -11.9 % | -6.2 % | 13.8 % | 15.0 % |
| Efficiency | | | | | | | |
| Total operating costs / sales | 37.1 % | 35.7 % | 37.9 % | 37.8 % | 44.6 % | 43.9 % | 43.2 % |
| Sales per employee | 218.3 | 212.4 | 218.2 | n/a | n/a | n/a | n/a |
| EBITDA per employee | 51.9 | 55.6 | 50.0 | n/a | n/a | n/a | n/a |
| Balance sheet analysis | | | | | | | |
| Avg. working capital / sales | 17.4 % | 20.6 % | 22.2 % | 25.0 % | 26.1 % | 27.2 % | 28.0 % |
| Inventory turnover (sales/inventory) | 8.8 | 8.2 | 7.8 | 6.6 | 6.5 | 6.4 | 6.4 |
| Trade debtors in days of sales | 56.7 | 56.8 | 66.9 | 72.1 | 72.1 | 73.0 | 74.0 |
| A/P turnover [(A/P*365)/sales] | 29.6 | 37.4 | 49.6 | 47.3 | 46.0 | 45.0 | 45.0 |
| Cash conversion cycle (days) | 113.9 | 119.6 | 120.3 | n/a | n/a | n/a | n/a |
| Cash flow analysis | | | | | | | |
| Free cash flow | 7.3 | 11.0 | 6.1 | 5.0 | 2.6 | 7.5 | 9.8 |
| Free cash flow/sales | 6.6 % | 9.4 % | 5.1 % | 4.3 % | 2.1 % | 5.6 % | 7.0 % |
| FCF / net profit | 77.6 % | 105.4 % | 59.2 % | 55.0 % | 30.7 % | 77.3 % | 87.5 % |
| Capex / depre | 78.5 % | 122.2 % | 126.9 % | 379.3 % | 99.6 % | 99.3 % | 96.4 % |
| Capex / maintenance capex | 78.5 % | 122.2 % | 141.0 % | 113.8 % | 110.6 % | 99.3 % | 0.0 % |
| Capex / sales | 7.0 % | 7.9 % | 8.2 % | 8.6 % | 7.2 % | 6.8 % | 6.5 % |
| Security | | | | | | | |
| Net debt | -7.6 | -14.3 | -15.4 | -6.8 | -5.1 | -10.2 | -17.1 |
| Net Debt/EBITDA | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| Net debt / equity | -0.1 | -0.2 | -0.2 | -0.1 | -0.1 | -0.1 | -0.2 |
| Interest cover | 6.6 | 7.9 | 7.1 | 10.8 | 10.2 | 7.7 | 10.4 |
| Dividend payout ratio | 32.7 % | 29.6 % | 29.9 % | 40.3 % | 28.8 % | 29.3 % | 29.7 % |
| Asset utilisation | | | | | | | |
| Capital employed turnover | 1.0 | 1.0 | 0.9 | 0.8 | 0.8 | 0.9 | 1.0 |
| Operating assets turnover | 2.2 | 2.1 | 2.0 | 1.8 | 1.8 | 1.9 | 2.2 |
| Plant turnover | 4.0 | 4.0 | 3.9 | 3.5 | 3.7 | 4.0 | 5.8 |
| Inventory turnover (sales/inventory) | 8.8 | 8.2 | 7.8 | 6.6 | 6.5 | 6.4 | 6.4 |
| Returns | | | | | | | |
| ROCE | 14.3 % | 19.9 % | 15.9 % | 9.3 % | 9.0 % | 10.1 % | 11.7 % |
| ROE | 13.8 % | 13.7 % | 12.8 % | 10.9 % | 9.7 % | 10.3 % | 13.6 % |
| Other | | | | | | | |
| Interest paid / avg. debt | 12.0 % | 14.5 % | 16.7 % | 6.2 % | 6.4 % | 11.3 % | 10.4 % |
| No. employees (average) | 509 | 547 | 550 | 0 | 0 | 0 | 0 |
| Number of shares | 5.2 | 5.3 | 5.3 | 5.3 | 5.3 | 5.3 | 5.3 |
| DPS | 0.6 | 0.6 | 0.6 | 0.6 | 0.5 | 0.0 | 0.0 |
| EPS reported | 1.81 | 1.98 | 1.95 | 1.72 | 1.61 | 1.84 | 2.11 |
| Valuation ratios | | | | | | | |
| P/BV | 1.4 | 1.3 | 1.2 | 1.2 | 1.1 | 1.1 | 1.2 |
| EV/sales | 0.9 | 0.8 | 0.8 | 0.8 | 0.8 | 0.7 | 0.6 |
| EV/EBITDA | 3.6 | 3.0 | 3.3 | 4.5 | 4.5 | 3.9 | 3.3 |
| EV/EBITA | 5.8 | 3.9 | 4.6 | 7.8 | 7.4 | 6.2 | 5.1 |
| EV/EBIT | 5.8 | 3.9 | 4.6 | 7.8 | 7.4 | 6.2 | 5.1 |
| EV/FCF | 13.1 | 8.2 | 15.0 | 19.9 | 38.6 | 12.9 | 9.2 |
| Adjusted FCF yield | 12.2 % | 15.1 % | 15.5 % | 10.3 % | 11.4 % | 12.9 % | 15.3 % |
| Dividend yield | 3.2 % | 3.2 % | 3.2 % | 3.2 % | 2.4 % | 2.8 % | 3.3 % |

Source: Company data, Hauck & Aufhäuser

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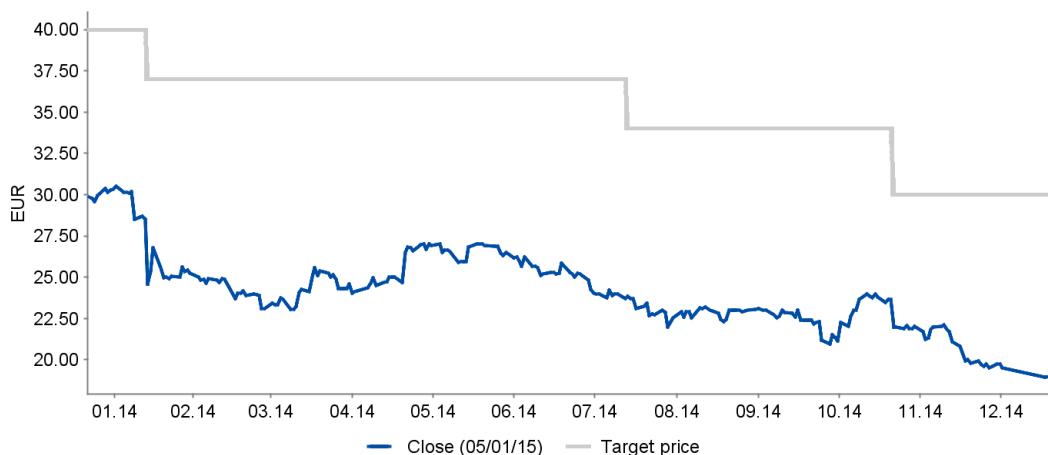
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|---------------------|------------|
| Eckert & Ziegler AG | 2, 5 |

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

Price and Rating History
Eckert & Ziegler AG as of 06/01/15

Initiation coverage
08-April-10



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| | | |
|-------------|---------|----------|
| Buy | 65.08 % | 100.00 % |
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