



**Buy** (old: Buy)

**Price target: EUR 37.00** (old: EUR 31.00)

**Price:** EUR 29.10      **Next result:** AGM 31.05.17  
**Bloomberg:** EUZ GR      **Market cap:** EUR 149.4 m  
**Reuters:** EUZG.DE      **Enterprise Value:** EUR 127.7 m

15-May-17

**Torben Teichler**  
Analyst

torben.teichler@ha-research.de

Tel.: +49 40 414 3885 74

### Strong start into 2017, strategic repositioning on track, chg. in est. & PT

Eckert & Ziegler (EZAG) reported very strong Q1 results last week which underscore the operating turnaround of the business. Moreover, the company sold its ailing cyclotron business in Q2 and just announced an investment programme into capacities for Gallium generators which are thriving on strong demand.

**Q1 sales grew soundly by 5% yoy to € 37.6m** (H&A: € 35m) thanks to a strong performance of the Radiopharma segment which grew 17% yoy to € 11.2m. This was driven by the approval of new tumour diagnostics for which EZAG provides generators, allowing hospitals to produce medication on site. Positively, Isotope Products showed a solid recovery of 3% yoy to € 20.4m due to improving demand from industrial clients and a slight recovery in the oil & gas industry. Therapy was down by 6% yoy to € 6.0m amid the deconsolidation of the US seed business.

**Q1 EBIT grew strongly by 37% yoy to € 5.8m** (H&A: € 5.4m) driven by economies of scale in the Radiopharma segment which increased EBIT by 32% yoy to € 2.0m. Isotope Products increased EBIT by 8% yoy to € 3.5m thanks to healthy sales growth and a better product mix. Therapy EBIT turned positive at € 0.3m (last year: € -0.4m) reflecting the sale of the loss-making US seed business as well as restructuring benefits. **Q1 net income increased by 47% yoy to € 3.7m** (H&A: € 3.4m) thanks to a lower tax rate and financial expenses.

Importantly, **EZAG announced the sale of its lacklustre cyclotron business for ~€ 18m** (€ 13m cash plus ~€ 4m debt – H&A) to Alliance Medical. The business generated € 18m of sales and was slightly loss-making in our view. This is very good news as it allows EZAG to concentrate on its profitable core business.

**Outlook: Management kept its guidance of ~€ 150m of sales and an EPS of ~€ 2.00** (not acc. for cyclotron exit yet). We expect strong **organic sales growth of 14% yoy to € 137m as well as an EPS of € 2.22** thanks to 1) a recovery with industrial clients in Isotope Products, and 2) strong traction in Radiopharma due to the approval of new tumour diagnostics. On the back of this, EZAG is currently investing into new capacities for its generator GalliaPharm® and has secured capacities for raw materials.

**Action:** We reduce sales estimates as we deconsolidate the cyclotron business while we increase profitability amid a strong Radiopharma & streamlined Therapy business.

All in all, Eckert & Ziegler looks very well on track following its strategic repositioning. Moreover, **trading at only 6.7x EV/EBIT 2017E, valuation looks attractive. BUY** with a **new PT of € 37** (old: € 31) based on FCFY 2017E. **- continued -**

Y/E 31.12 (EUR m)	2013	2014	2015	2016	2017E	2018E	2019E
Sales	117.1	127.3	139.7	137.9	137.1	142.6	146.9
Sales growth	-2 %	9 %	10 %	-1 %	-1 %	4 %	3 %
EBITDA	22.1	20.1	25.3	25.0	27.7	29.6	30.7
EBIT	12.8	13.0	16.5	16.2	19.0	20.4	21.3
Net income	9.1	6.8	10.4	9.6	11.8	12.7	13.4
Net debt	-6.8	-3.1	-15.9	-24.9	-33.8	-42.0	-51.2
Net gearing	-8.2 %	-3.5 %	-16.0 %	-23.7 %	-30.5 %	-35.2 %	-39.9 %
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EPS pro forma	1.72	1.28	1.97	1.97	2.22	2.41	2.53
CPS	1.14	0.82	1.57	2.42	2.44	2.26	2.45
DPS	0.60	0.60	0.60	0.66	0.67	0.72	0.76
Dividend yield	2.1 %	2.1 %	2.1 %	2.3 %	2.3 %	2.5 %	2.6 %
Gross profit margin	48.7 %	50.1 %	44.4 %	47.9 %	49.7 %	50.0 %	50.0 %
EBITDA margin	18.8 %	15.8 %	18.1 %	18.1 %	20.2 %	20.7 %	20.9 %
EBIT margin	10.9 %	10.2 %	11.8 %	11.8 %	13.8 %	14.3 %	14.5 %
ROCE	9.3 %	8.6 %	10.5 %	9.8 %	11.2 %	11.7 %	11.6 %
EV/sales	1.3	1.2	1.0	1.0	0.9	0.8	0.8
EV/EBITDA	6.9	7.8	5.7	5.5	4.6	4.0	3.6
EV/EBIT	11.8	12.2	8.7	8.4	6.7	5.9	5.2
PER	16.9	22.7	14.8	14.8	13.1	12.1	11.5
Adjusted FCF yield	6.6 %	5.7 %	9.1 %	9.3 %	10.3 %	11.8 %	13.4 %

Source: Company data, Hauck & Aufhäuser Close price as of: 12.05.2017



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 29.10 / 19.15

**Price/Book Ratio:** 1.4

**Relative performance (SDAX):**

3 months 2.6 %

6 months 12.5 %

12 months 19.8 %

### Changes in estimates

		Sales	EBIT	EPS
2017	old:	148.3	17.8	2.09
	Δ	-7.6%	6.7%	6.4%
2018	old:	154.2	18.7	2.20
	Δ	-7.6%	9.5%	9.7%
2019	old:	146.9	21.3	2.53
	Δ	-	-	-

### Key share data:

Number of shares: (in m pcs) 5.3

Authorised capital: (in € m) 0.6

Book value per share: (in €) 21.0

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.

## Eckert & Ziegler AG

Eckert & Ziegler Key Figures (€ m)	Q1 17	Q1 17 est	Q1 16	yoy	Q4 16	qoq
<b>Sales</b>	<b>37.6</b>	<b>35.0</b>	<b>35.8</b>	5.1%	<b>34.8</b>	8.2%
Isotope Products*	20.4	18.0	19.8	3.2%	17.2	18.4%
Therapy	6.0	5.5	6.4	-6.4%	7.0	-14.8%
Radiopharma	11.2	11.5	9.6	16.5%	10.5	6.9%
Others	0.0	0.0	0.0	-	0.0	-
<b>EBIT</b>	<b>5.8</b>	<b>5.4</b>	<b>4.3</b>	37.4%	<b>2.9</b>	98.8%
Margin	15.5%	9.9%	11.9%	+ 3.7 pp	8.5%	+ 7.1 pp
Isotope Products*	3.5	3.3	3.5	0.9%	1.3	164.1%
Margin	17.4%	18.5%	17.8%	- 0.4 pp	7.8%	+ 9.6 pp
Therapy	0.3	0.1	-0.4	-177.4%	-0.1	-636.7%
Margin	5.4%	1.8%	-6.5%	+ 12 pp	-0.9%	+ 6 pp
Radiopharma	2.0	2.0	1.5	32.1%	1.6	27.2%
Margin	17.9%	17.4%	15.8%	+ 2.1 pp	15.0%	+ 3 pp
Others	0.0	0.0	-0.4	-	0.1	-139.2%
<b>Net profit</b>	<b>3.7</b>	<b>3.4</b>	<b>2.5</b>	47.1%	<b>2.9</b>	27.8%
Net margin	9.7%	9.7%	7.0%	+ 2.8 pp	8.2%	+ 1.5 pp

Source: company data, Hauck&Aufhäuser \*now incl. the former Environmental segment

## Financials

Profit and loss (EUR m)	2013	2014	2015	2016	2017E	2018E	2019E
<b>Sales</b>	<b>117.1</b>	<b>127.3</b>	<b>139.7</b>	<b>137.9</b>	<b>137.1</b>	<b>142.6</b>	<b>146.9</b>
Sales growth	-2.4 %	8.6 %	9.8 %	-1.3 %	-0.6 %	4.0 %	3.0 %
Cost of sales	60.1	63.5	77.7	71.8	69.0	71.3	73.4
<b>Gross profit</b>	<b>57.1</b>	<b>63.8</b>	<b>62.1</b>	<b>66.1</b>	<b>68.1</b>	<b>71.3</b>	<b>73.4</b>
Sales and marketing	21.9	23.6	25.6	22.6	22.2	23.0	23.5
General and administration	23.9	25.0	27.0	26.7	26.3	27.2	27.9
Research and development	4.9	0.0	0.0	0.0	0.0	0.0	0.0
Other operating income	8.6	2.9	13.6	5.1	5.1	5.3	5.4
Other operating expenses	2.2	5.1	6.5	5.7	5.7	5.9	6.1
Unusual or infrequent items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>22.1</b>	<b>20.1</b>	<b>25.3</b>	<b>25.0</b>	<b>27.7</b>	<b>29.6</b>	<b>30.7</b>
Depreciation	9.3	7.1	8.8	8.8	8.8	9.1	9.4
<b>EBITA</b>	<b>12.8</b>	<b>13.0</b>	<b>16.5</b>	<b>16.2</b>	<b>19.0</b>	<b>20.4</b>	<b>21.3</b>
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
<b>EBIT</b>	<b>12.8</b>	<b>13.0</b>	<b>16.5</b>	<b>16.2</b>	<b>19.0</b>	<b>20.4</b>	<b>21.3</b>
Interest income	1.3	0.5	0.2	0.4	0.2	0.3	0.3
Interest expenses	1.2	1.6	1.5	1.4	1.0	1.0	1.0
Other financial result	0.0	0.0	0.0	0.0	-0.1	-0.1	-0.1
Financial result	0.1	-1.2	-1.3	-0.9	-0.9	-0.8	-0.8
<b>Recurring pretax income from continuing operations</b>	<b>12.9</b>	<b>11.8</b>	<b>15.2</b>	<b>15.3</b>	<b>18.1</b>	<b>19.6</b>	<b>20.5</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>12.9</b>	<b>11.8</b>	<b>15.2</b>	<b>15.3</b>	<b>18.1</b>	<b>19.6</b>	<b>20.5</b>
Taxes	2.4	5.3	5.1	4.6	6.3	6.9	7.2
<b>Net income from continuing operations</b>	<b>10.5</b>	<b>6.5</b>	<b>10.1</b>	<b>10.7</b>	<b>11.8</b>	<b>12.7</b>	<b>13.4</b>
Result from discontinued operations (net of tax)	0.0	0.0	0.0	-0.9	0.0	0.0	0.0
<b>Net income</b>	<b>10.5</b>	<b>6.5</b>	<b>10.1</b>	<b>9.8</b>	<b>11.8</b>	<b>12.7</b>	<b>13.4</b>
Minority interest	1.4	-0.3	-0.4	0.2	0.0	0.0	0.0
<b>Net income (net of minority interest)</b>	<b>9.1</b>	<b>6.8</b>	<b>10.4</b>	<b>9.6</b>	<b>11.8</b>	<b>12.7</b>	<b>13.4</b>
Average number of shares	5.3	5.3	5.3	5.3	5.3	5.3	5.3
<b>EPS reported</b>	<b>1.72</b>	<b>1.28</b>	<b>1.97</b>	<b>1.81</b>	<b>2.22</b>	<b>2.41</b>	<b>2.53</b>

Profit and loss (common size)	2013	2014	2015	2016	2017E	2018E	2019E
<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	51.3 %	49.9 %	55.6 %	52.1 %	50.3 %	50.0 %	50.0 %
<b>Gross profit</b>	<b>48.7 %</b>	<b>50.1 %</b>	<b>44.4 %</b>	<b>47.9 %</b>	<b>49.7 %</b>	<b>50.0 %</b>	<b>50.0 %</b>
Sales and marketing	18.7 %	18.5 %	18.4 %	16.4 %	16.2 %	16.1 %	16.0 %
General and administration	20.4 %	19.7 %	19.3 %	19.4 %	19.2 %	19.1 %	19.0 %
Research and development	4.2 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other operating income	7.4 %	2.3 %	9.7 %	3.7 %	3.7 %	3.7 %	3.7 %
Other operating expenses	1.8 %	4.0 %	4.6 %	4.2 %	4.2 %	4.2 %	4.2 %
Unusual or infrequent items	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>EBITDA</b>	<b>18.8 %</b>	<b>15.8 %</b>	<b>18.1 %</b>	<b>18.1 %</b>	<b>20.2 %</b>	<b>20.7 %</b>	<b>20.9 %</b>
Depreciation	7.9 %	5.6 %	6.3 %	6.4 %	6.4 %	6.4 %	6.4 %
<b>EBITA</b>	<b>10.9 %</b>	<b>10.2 %</b>	<b>11.8 %</b>	<b>11.8 %</b>	<b>13.8 %</b>	<b>14.3 %</b>	<b>14.5 %</b>
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 %
<b>EBIT</b>	<b>10.9 %</b>	<b>10.2 %</b>	<b>11.8 %</b>	<b>11.8 %</b>	<b>13.8 %</b>	<b>14.3 %</b>	<b>14.5 %</b>
Interest income	1.1 %	0.4 %	0.1 %	0.3 %	0.2 %	0.2 %	0.2 %
Interest expenses	1.0 %	1.3 %	1.1 %	1.0 %	0.7 %	0.7 %	0.7 %
Other financial result	0.0 %	0.0 %	0.0 %	0.0 %	-0.1 %	-0.1 %	-0.1 %
Financial result	0.1 %	-0.9 %	-0.9 %	-0.7 %	-0.6 %	-0.6 %	-0.5 %
<b>Recurring pretax income from continuing operations</b>	<b>11.0 %</b>	<b>9.3 %</b>	<b>10.9 %</b>	<b>11.1 %</b>	<b>13.2 %</b>	<b>13.7 %</b>	<b>14.0 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>11.0 %</b>	<b>9.3 %</b>	<b>10.9 %</b>	<b>11.1 %</b>	<b>13.2 %</b>	<b>13.7 %</b>	<b>14.0 %</b>
Tax rate	18.9 %	44.9 %	33.8 %	30.3 %	35.0 %	35.0 %	35.0 %
<b>Net income from continuing operations</b>	<b>9.0 %</b>	<b>5.1 %</b>	<b>7.2 %</b>	<b>7.7 %</b>	<b>8.6 %</b>	<b>8.9 %</b>	<b>9.1 %</b>
Result from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	-0.6 %	0.0 %	0.0 %	0.0 %
<b>Net income</b>	<b>9.0 %</b>	<b>5.1 %</b>	<b>7.2 %</b>	<b>7.1 %</b>	<b>8.6 %</b>	<b>8.9 %</b>	<b>9.1 %</b>
Minority interest	1.2 %	-0.2 %	-0.3 %	0.2 %	0.0 %	0.0 %	0.0 %
<b>Net income (net of minority interest)</b>	<b>7.8 %</b>	<b>5.3 %</b>	<b>7.5 %</b>	<b>6.9 %</b>	<b>8.6 %</b>	<b>8.9 %</b>	<b>9.1 %</b>

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2013	2014	2015	2016	2017E	2018E	2019E
<b>Intangible assets</b>	<b>52.7</b>	<b>55.6</b>	<b>54.1</b>	<b>53.0</b>	<b>53.0</b>	<b>53.0</b>	<b>53.0</b>
Property, plant and equipment	33.5	36.1	36.0	37.8	38.0	37.9	37.5
Financial assets	7.3	6.3	2.8	2.9	2.9	2.9	2.9
<b>FIXED ASSETS</b>	<b>93.5</b>	<b>98.0</b>	<b>92.9</b>	<b>93.7</b>	<b>93.9</b>	<b>93.8</b>	<b>93.4</b>
Inventories	17.8	24.3	25.0	25.1	26.9	28.0	28.8
Accounts receivable	23.1	23.8	21.4	23.2	23.1	24.0	24.7
Other current assets	5.2	9.9	16.5	11.9	8.4	8.8	9.0
Liquid assets	29.4	21.8	31.5	36.6	44.9	52.6	61.3
Deferred taxes	9.9	9.5	9.4	9.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT ASSETS</b>	<b>85.4</b>	<b>89.3</b>	<b>103.8</b>	<b>105.8</b>	<b>103.2</b>	<b>113.3</b>	<b>123.8</b>
<b>TOTAL ASSETS</b>	<b>178.9</b>	<b>187.3</b>	<b>196.7</b>	<b>199.5</b>	<b>197.1</b>	<b>207.0</b>	<b>217.2</b>
SHAREHOLDERS EQUITY	83.5	88.6	99.7	105.2	111.0	119.5	128.3
MINORITY INTEREST	7.1	5.9	5.0	4.9	0.0	0.0	0.0
Long-term debt	17.6	7.3	5.0	4.1	3.5	3.0	2.5
Provisions for pensions and similar obligations	8.7	11.1	10.5	11.8	12.0	12.3	12.5
Other provisions	28.0	27.2	31.4	35.3	36.0	36.7	37.4
<b>Non-current liabilities</b>	<b>54.3</b>	<b>45.6</b>	<b>46.9</b>	<b>51.2</b>	<b>51.5</b>	<b>52.0</b>	<b>52.5</b>
short-term liabilities to banks	5.1	11.4	10.6	7.5	7.5	7.5	7.5
Accounts payable	7.8	8.2	7.5	6.4	6.1	6.3	6.5
Advance payments received on orders	2.2	3.1	0.4	1.4	1.4	1.4	1.4
Other liabilities (incl. from lease and rental contracts)	15.5	19.5	18.6	15.6	19.5	20.3	20.9
Deferred taxes	3.3	4.9	6.2	5.6	0.0	0.0	0.0
Deferred income	0.1	0.1	1.8	1.7	0.0	0.0	0.0
<b>Current liabilities</b>	<b>34.0</b>	<b>47.2</b>	<b>45.1</b>	<b>38.2</b>	<b>34.6</b>	<b>35.6</b>	<b>36.4</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>178.9</b>	<b>187.3</b>	<b>196.7</b>	<b>199.5</b>	<b>197.1</b>	<b>207.0</b>	<b>217.2</b>

Balance sheet (common size)	2013	2014	2015	2016	2017E	2018E	2019E
<b>Intangible assets</b>	<b>29.4 %</b>	<b>29.7 %</b>	<b>27.5 %</b>	<b>26.6 %</b>	<b>26.9 %</b>	<b>25.6 %</b>	<b>24.4 %</b>
Property, plant and equipment	18.7 %	19.3 %	18.3 %	19.0 %	19.3 %	18.3 %	17.3 %
Financial assets	4.1 %	3.4 %	1.4 %	1.4 %	1.5 %	1.4 %	1.3 %
<b>FIXED ASSETS</b>	<b>52.2 %</b>	<b>52.3 %</b>	<b>47.2 %</b>	<b>47.0 %</b>	<b>47.6 %</b>	<b>45.3 %</b>	<b>43.0 %</b>
Inventories	9.9 %	13.0 %	12.7 %	12.6 %	13.6 %	13.5 %	13.3 %
Accounts receivable	12.9 %	12.7 %	10.9 %	11.6 %	11.7 %	11.6 %	11.4 %
Other current assets	2.9 %	5.3 %	8.4 %	6.0 %	4.3 %	4.2 %	4.2 %
Liquid assets	16.5 %	11.7 %	16.0 %	18.3 %	22.8 %	25.4 %	28.2 %
Deferred taxes	5.6 %	5.1 %	4.8 %	4.5 %	0.0 %	0.0 %	0.0 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>CURRENT ASSETS</b>	<b>47.8 %</b>	<b>47.7 %</b>	<b>52.8 %</b>	<b>53.0 %</b>	<b>52.4 %</b>	<b>54.7 %</b>	<b>57.0 %</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	46.7 %	47.3 %	50.7 %	52.7 %	56.3 %	57.7 %	59.1 %
MINORITY INTEREST	4.0 %	3.2 %	2.5 %	2.5 %	0.0 %	0.0 %	0.0 %
Long-term debt	9.8 %	3.9 %	2.5 %	2.1 %	1.8 %	1.4 %	1.2 %
Provisions for pensions and similar obligations	4.9 %	5.9 %	5.3 %	5.9 %	6.1 %	5.9 %	5.8 %
Other provisions	15.7 %	14.5 %	16.0 %	17.7 %	18.2 %	17.7 %	17.2 %
<b>Non-current liabilities</b>	<b>30.3 %</b>	<b>24.3 %</b>	<b>23.8 %</b>	<b>25.7 %</b>	<b>26.1 %</b>	<b>25.1 %</b>	<b>24.2 %</b>
short-term liabilities to banks	2.8 %	6.1 %	5.4 %	3.8 %	3.8 %	3.6 %	3.5 %
Accounts payable	4.3 %	4.4 %	3.8 %	3.2 %	3.1 %	3.1 %	3.0 %
Advance payments received on orders	1.3 %	1.6 %	0.2 %	0.7 %	0.7 %	0.7 %	0.7 %
Other liabilities (incl. from lease and rental contracts)	8.7 %	10.4 %	9.4 %	7.8 %	9.9 %	9.8 %	9.6 %
Deferred taxes	1.8 %	2.6 %	3.2 %	2.8 %	0.0 %	0.0 %	0.0 %
Deferred income	0.1 %	0.1 %	0.9 %	0.8 %	0.0 %	0.0 %	0.0 %
<b>Current liabilities</b>	<b>19.0 %</b>	<b>25.2 %</b>	<b>22.9 %</b>	<b>19.1 %</b>	<b>17.5 %</b>	<b>17.2 %</b>	<b>16.7 %</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)	2013	2014	2015	2016	2017E	2018E	2019E
Net profit/loss	10.5	6.5	10.1	9.8	11.8	12.7	13.4
Depreciation of fixed assets (incl. leases)	2.6	7.1	8.8	8.8	8.8	9.1	9.4
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	4.4	1.3	-5.5	-0.8	0.2	0.2	0.2
Cash flow from operations before changes in w/c	17.6	14.9	13.3	17.7	20.8	22.1	23.0
Increase/decrease in inventory	-2.1	-5.1	0.3	0.3	-1.8	-1.1	-0.8
Increase/decrease in accounts receivable	-0.2	-0.8	2.0	2.0	0.1	-0.9	-0.7
Increase/decrease in accounts payable	-3.6	3.1	0.2	0.1	-0.3	0.2	0.2
Increase/decrease in other working capital positions	2.9	-1.5	0.1	0.2	2.4	0.4	0.3
Increase/decrease in working capital	-2.9	-4.3	2.6	2.6	0.5	-1.3	-1.0
<b>Cash flow from operating activities</b>	<b>14.6</b>	<b>10.7</b>	<b>15.9</b>	<b>20.3</b>	<b>21.3</b>	<b>20.8</b>	<b>22.0</b>
CAPEX	9.7	7.8	3.8	5.3	9.0	9.0	9.0
Payments for acquisitions	7.4	0.8	0.6	0.2	0.0	0.0	0.0
Financial investments	0.4	2.3	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.1	5.4	0.0	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>-17.4</b>	<b>-10.8</b>	<b>1.0</b>	<b>-5.5</b>	<b>-9.0</b>	<b>-9.0</b>	<b>-9.0</b>
Cash flow before financing	-2.7	-0.2	16.9	14.8	12.3	11.8	13.0
Increase/decrease in debt position	6.1	-4.1	-3.3	-3.9	-0.6	-0.5	-0.4
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	3.2	3.2	3.2	3.2	3.6	3.5	3.8
Others	-1.2	-1.3	-2.0	-2.5	0.0	0.0	0.0
Effects of exchange rate changes on cash	-0.4	1.2	0.9	0.3	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>1.7</b>	<b>-8.5</b>	<b>-8.4</b>	<b>-9.5</b>	<b>-4.2</b>	<b>-4.1</b>	<b>-4.3</b>
Increase/decrease in liquid assets	-1.4	-7.5	9.3	5.6	8.1	7.7	8.7
<b>Liquid assets at end of period</b>	<b>28.8</b>	<b>21.2</b>	<b>31.2</b>	<b>36.8</b>	<b>44.9</b>	<b>52.6</b>	<b>61.3</b>

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2013	2014	2015	2016	2017E	2018E	2019E
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	68.9	67.6	72.0	74.5	84.9	96.8	110.4
yoy change	-1.0 %	-1.9 %	6.5 %	3.5 %	14.0 %	14.0 %	14.0 %
NAFTA	32.8	41.6	44.5	46.1	53.0	60.9	70.1
yoy change	-0.9 %	26.8 %	7.0 %	3.5 %	15.0 %	15.0 %	15.0 %
Asia Pacific	11.3	11.8	13.0	14.0	15.8	17.9	20.2
yoy change	-13.7 %	4.4 %	10.0 %	8.0 %	13.0 %	13.0 %	13.0 %
Rest of world	4.1	6.3	10.3	3.3	-16.7	-33.1	-53.8
yoy change	-2.4 %	53.7 %	62.9 %	-67.5 %	neg.	neg.	neg.
<b>TTL</b>	<b>117.1</b>	<b>127.3</b>	<b>139.7</b>	<b>137.9</b>	<b>137.1</b>	<b>142.6</b>	<b>146.9</b>
yoy change	-2.4 %	8.6 %	9.8 %	-1.3 %	-0.6 %	4.0 %	3.0 %

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2013	2014	2015	2016	2017E	2018E	2019E
<b>P&amp;L growth analysis</b>							
Sales growth	-2.4 %	8.6 %	9.8 %	-1.3 %	-0.6 %	4.0 %	3.0 %
EBITDA growth	-19.7 %	-8.9 %	25.8 %	-1.1 %	10.9 %	6.6 %	4.0 %
EBIT growth	-35.0 %	1.1 %	27.4 %	-1.7 %	16.8 %	7.8 %	4.4 %
EPS growth	-11.9 %	-25.5 %	53.8 %	-8.3 %	23.0 %	8.4 %	4.8 %
<b>Efficiency</b>							
Total operating costs / sales	37.8 %	39.9 %	32.6 %	36.2 %	35.9 %	35.7 %	35.5 %
Sales per employee	n/a	n/a	n/a	n/a	n/a	n/a	n/a
EBITDA per employee	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Balance sheet analysis</b>							
Avg. working capital / sales	25.0 %	26.6 %	26.9 %	28.6 %	30.2 %	30.3 %	30.5 %
Inventory turnover (sales/inventory)	6.6	5.2	5.6	5.5	5.1	5.1	5.1
Trade debtors in days of sales	72.1	68.2	55.9	61.4	61.4	61.4	61.4
A/P turnover [(A/P*365)/sales]	47.3	47.3	35.4	32.5	32.5	32.5	32.5
Cash conversion cycle (days)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
<b>Cash flow analysis</b>							
Free cash flow	5.0	2.8	12.1	15.0	12.3	11.8	13.0
Free cash flow/sales	4.3 %	2.2 %	8.6 %	10.9 %	9.0 %	8.2 %	8.8 %
FCF / net profit	55.0 %	41.9 %	116.0 %	156.9 %	104.6 %	92.3 %	97.2 %
Capex / depre	379.3 %	141.3 %	43.8 %	60.8 %	102.6 %	98.6 %	95.8 %
Capex / maintenance capex	113.8 %	121.6 %	48.7 %	67.6 %	102.6 %	98.6 %	95.8 %
Capex / sales	8.6 %	7.9 %	2.7 %	3.9 %	6.6 %	6.3 %	6.1 %
<b>Security</b>							
Net debt	-6.8	-3.1	-15.9	-24.9	-33.8	-42.0	-51.2
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net debt / equity	-0.1	0.0	-0.2	-0.2	-0.3	-0.4	-0.4
Interest cover	10.8	8.0	11.2	11.7	19.0	20.4	21.3
Dividend payout ratio	40.3 %	46.8 %	29.4 %	37.4 %	30.0 %	30.0 %	30.0 %
<b>Asset utilisation</b>							
Capital employed turnover	0.8	0.8	0.9	0.8	0.8	0.8	0.8
Operating assets turnover	1.8	1.7	1.9	1.8	1.7	1.7	1.8
Plant turnover	3.5	3.5	3.9	3.6	3.6	3.8	3.9
Inventory turnover (sales/inventory)	6.6	5.2	5.6	5.5	5.1	5.1	5.1
<b>Returns</b>							
ROCE	9.3 %	8.6 %	10.5 %	9.8 %	11.2 %	11.7 %	11.6 %
ROE	10.9 %	7.6 %	10.5 %	9.1 %	10.6 %	10.7 %	10.4 %
<b>Other</b>							
Interest paid / avg. debt	6.2 %	7.9 %	8.6 %	10.2 %	8.8 %	9.3 %	9.7 %
No. employees (average)	0	0	0	0	0	0	0
Number of shares	5.3	5.3	5.3	5.3	5.3	5.3	5.3
DPS	0.6	0.6	0.6	0.7	0.7	0.7	0.8
EPS reported	1.72	1.28	1.97	1.81	2.22	2.41	2.53
<b>Valuation ratios</b>							
P/BV	1.8	1.7	1.5	1.5	1.4	1.3	1.2
EV/sales	1.3	1.2	1.0	1.0	0.9	0.8	0.8
EV/EBITDA	6.9	7.8	5.7	5.5	4.6	4.0	3.6
EV/EBITA	11.8	12.2	8.7	8.4	6.7	5.9	5.2
EV/EBIT	11.8	12.2	8.7	8.4	6.7	5.9	5.2
EV/FCF	30.3	55.5	11.9	9.1	10.4	10.2	8.5
Adjusted FCF yield	6.6 %	5.7 %	9.1 %	9.3 %	10.3 %	11.8 %	13.4 %
Dividend yield	2.1 %	2.1 %	2.1 %	2.3 %	2.3 %	2.5 %	2.6 %

Source: Company data, Hauck & Aufhäuser

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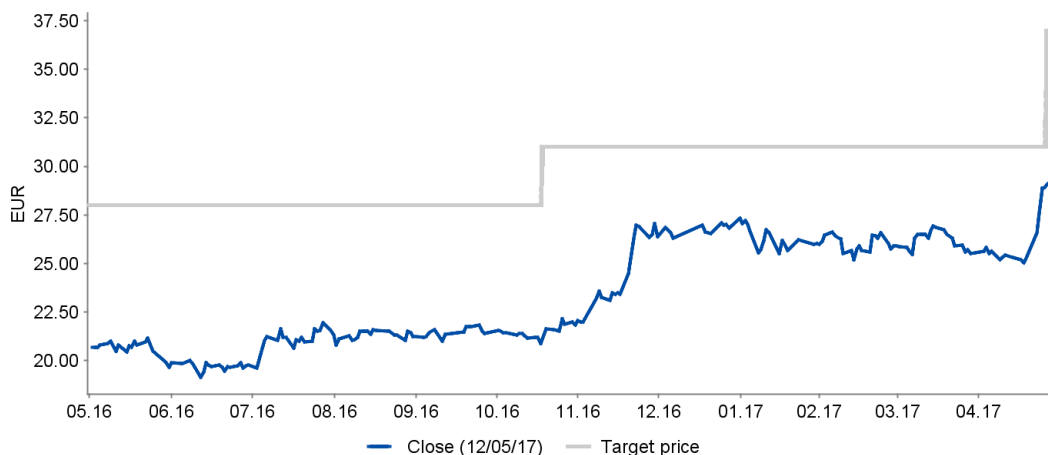
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Company	Disclosure
Eckert & Ziegler AG	2

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

#### Price and Rating History Eckert & Ziegler AG as of 15/05/17

Initiation coverage  
08-April-10



Company	Date	Analyst	Rating	Target price	Close
Eckert & Ziegler AG	03.11.2016	Teichler, Torben	Buy	EUR 31.00	EUR 20.89
	02.08.2016	Teichler, Torben	Buy	EUR 28.00	EUR 21.09
	29.07.2016	Teichler, Torben	Buy	EUR 28.00	EUR 21.20

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Date of publication creation: 15/05/2017 09:25 AM

Date of publication dissemination: 15/05/2017 09:49 AM



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The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate of 7.5%. The operating cash flow is calculated as EBITDA less maintenance capex and taxes.

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## Contacts: Hauck&Aufhäuser Privatbankiers KGaA

### Hauck & Aufhäuser Research

Hauck & Aufhäuser  
Privatbankiers KGaA  
Mittelweg 16/17  
20148 Hamburg  
Germany

Tel.: +49 (0) 40 414 3885 93  
Fax: +49 (0) 40 414 3885 71  
Email: info@ha-research.de  
www.ha-research.de

#### Henning Breiter

Head of Research  
Tel.: +49 40 414 3885 73  
E-Mail: henning.breiter@ha-research.de

#### Tim Wunderlich, CFA

Head of Research  
Tel.: +49 40 414 3885 81  
E-Mail: tim.wunderlich@ha-research.de

#### Robin Brass, CFA

Analyst  
Tel.: +49 40 414 3885 76  
E-Mail: robin.brass@ha-research.de

#### Lars Dannenberg

Analyst  
Tel.: +49 40 414 3885 92  
E-Mail: lars.dannenberg@ha-research.de

#### Christian Glowa

Analyst  
Tel.: +49 40 414 3885 95  
E-Mail: christian.glowa@ha-research.de

#### Pierre Gröning

Analyst  
Tel.: +49 40 450 6342 30 92  
E-Mail: pierre.groening@ha-research.de

#### Aliaksandr Halitsa

Analyst  
Tel.: +49 40 414 3885 83  
E-Mail: aliaksandr.halitsa@ha-research.de

#### Christian Salis

Analyst  
Tel.: +49 40 414 3885 96  
E-Mail: christian.salis@ha-research.de

#### Torben Teichler

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

### Hauck & Aufhäuser Sales

#### Oliver Anderson

Sales  
Tel.: +44 207 408 1100  
E-Mail: oliver.anderson@ha-research.de

#### Christian Schwenkenbecher

Analyst  
Tel.: +49 40 414 3885 76  
E-Mail: christian.schwenkenbecher@ha-research.de

#### Toby Woods

Sales  
Tel.: +44 207 408 1100  
E-Mail: toby.woods@ha-research.de

#### Christian Alisch

Sales  
Tel.: +49 40 414 3885 99  
E-Mail: christian.alisch@ha-research.de

#### Vincent Bischoff

Sales  
Tel.: +49 40 414 3885 88  
E-Mail: vincent.bischoff@ha-research.de

#### Hugues Madelin

Sales  
Tel.: +33 1 78 41 40 62  
E-Mail: hugues.madelin@ha-research.de

#### Georgina Harrold

Sales  
Tel.: +49 69 2161 1299  
E-Mail: georgina.harrold@hauck-aufhaeuser.de

#### Jan Neynaber

Sales  
Tel.: +49 69 2161 1268  
E-Mail: jan.neynaber@hauck-aufhaeuser.de

#### Marco Schumann

Sales  
Tel.: +49 69 2161 1250  
E-Mail: marco.schumann@hauck-aufhaeuser.de

#### JPP Eurosecurities Inc.

Sales North America  
**Quinn Raftery**  
Tel.: +1 231 649 4998  
E-Mail: quinn.raftery@haa-na.com

#### Alexander Lachmann

Sales  
Tel.: +41 43 497 30 23  
E-Mail: alexander.lachmann@ha-research.de

### Hauck & Aufhäuser Sales Trading

Hauck & Aufhäuser  
Privatbankiers KGaA  
Mittelweg 16/17  
20148 Hamburg  
Germany

Tel.: +49 40 414 3885 75  
Fax: +49 40 414 3885 71  
Email: info@hauck-aufhaeuser.de  
www.hauck-aufhaeuser.de

#### Mirko Brueggemann

Trading  
Tel.: +49 40 414 3885 75  
E-Mail: mirko.brueggemann@hauck-aufhaeuser.de

#### Joseph Kaselak

Trading  
Tel.: +49 40 450 6342 3093  
E-Mail: joseph.kaselak@hauck-aufhaeuser.de

#### Christian von Schuler

Trading  
Tel.: +49 40 414 3885 77  
E-Mail: christian.schuler@hauck-aufhaeuser.de

#### Fin Schaffer

Trading  
Tel.: +49 40 414 3885 98  
E-Mail: fin.schaffer@hauck-aufhaeuser.de

#### Kathleen Jonas

Middle-Office  
Tel.: +49 40 414 3885 97  
E-Mail: kathleen.jonas@hauck-aufhaeuser.de

#### Carolin Weber

Middle-Office  
Tel.: +49 40 414 3885 87  
E-Mail: carolin.weber@hauck-aufhaeuser.de