

**Buy** (old: Buy)

**Price target: EUR 210.00** (old: EUR 110.00)

**Price:** EUR 160.60    **Next result:** Q3 12.11.2019  
**Bloomberg:** EUZ GR    **Market cap:** EUR 836.4 m  
**Reuters:** EUZG.DE    **Enterprise Value:** EUR 783.0 m

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### The king of precision oncology; est. & PT up

In 2018, the Radiopharma division (25% of sales / 45% of EBIT) has come into the spotlight as **the main beneficiary of soaring demand for gallium-68** – an important radioisotope used in precision oncology for the localization and treatment of tumors – which is **most cost efficiently attained from EUZ's portable generators**.

**Pricing is strong** as EUZ forms part of a duopoly facing excess demand, which should **grow dynamically over the coming years**. In fact, market demand for Ga-68 generators looks set to exceed 4,000 units or € 400m by FY'21E (eH&A / see next page) versus <€ 20m in FY'18, **offering an outstanding growth opportunity...**

...which EUZ should increasingly seize having just received **approval for additional generator production lines**, which should triple capacity to 300-450 units (eH&A), driving visible incremental sales growth of € 38m for EUZ at 55% incremental EBIT margins by FY'21E (eH&A).

Importantly, **growth could exceed our estimates** if EUZ were to succeed in ramping new capacity faster than expected, as market share should be there for the taking considering:

- The rapid adoption of Lutathera (*next page*) – the only FDA-approved radio-therapeutic
- The number of other Lu-177-based radiopharmaceuticals under development targeting far more widespread indications, such as prostate cancer. As Ga-68 is a key element for these therapies, **the need for generators should remain brisk**.

**New isotope projects provide further visible growth potential**, above all including the recently signed JV in China for the local production of Yt-90 isotope which should yield incremental sales growth of € 35m by FY'26E.

**News flow should hence remain positive**, especially as we expect an EPS outperformance already for FY'19E in light of strong current trading and a conservative guidance (€ 4.40 EPS eH&A vs. € 4.00 guidance).

With broadening exposure to nuclear medicine, the overriding narrative for the company is yet to be reappraised. **BUY with a new PT of € 210** based on DCF, reflecting higher growth est.

Y/E 31.12 (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
Sales	139.7	119.9	138.6	168.7	180.4	193.5	219.2
Sales growth	10 %	-14 %	16 %	22 %	7 %	7 %	13 %
EBITDA	26.9	24.9	26.6	32.0	42.4	50.3	63.0
EBIT	18.2	16.1	18.0	23.4	32.9	40.5	53.0
Net income	10.7	9.5	14.7	16.1	22.6	28.1	37.1
Net debt	-15.9	-24.9	-56.0	-54.1	-64.5	-82.4	-105.3
Net gearing	-16.0 %	-23.7 %	-49.8 %	-44.1 %	-44.7 %	-50.1 %	-54.9 %
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EPS pro forma	2.20	1.93	2.19	3.12	4.38	5.44	7.19
CPS	1.62	2.42	3.54	2.53	2.83	4.38	5.67
DPS	0.60	0.66	0.80	1.20	1.46	1.81	2.40
Dividend yield	0.4 %	0.4 %	0.5 %	0.7 %	0.9 %	1.1 %	1.5 %
Gross profit margin	45.0 %	49.7 %	46.1 %	44.1 %	47.5 %	49.0 %	50.0 %
EBITDA margin	19.3 %	20.8 %	19.2 %	18.9 %	23.5 %	26.0 %	28.7 %
EBIT margin	13.0 %	13.5 %	13.0 %	13.9 %	18.2 %	20.9 %	24.2 %
ROCE	13.6 %	12.0 %	13.8 %	17.6 %	22.4 %	26.1 %	33.2 %
EV/sales	5.9	6.8	5.6	4.7	4.3	3.9	3.4
EV/EBITDA	30.4	32.6	29.3	24.6	18.3	15.1	11.7
EV/EBIT	45.1	50.3	43.4	33.6	23.6	18.7	13.9
PER	73.1	83.2	67.8	48.2	34.2	26.9	19.7
Adjusted FCF yield	1.7 %	1.5 %	1.6 %	2.2 %	3.1 %	3.9 %	5.2 %

Source: Company data, Hauck & Aufhäuser Close price as of: 04.09.2019



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 162.00 / 44.35

**Price/Book Ratio:** 5.7

**Relative performance (SDAX):**

3 months 65.1 %

6 months -

12 months -

#### Changes in estimates

		Sales	EBIT	EPS
2019	<i>old:</i>	179.0	26.7	3.66
	Δ	0.8%	23.0%	19.8%
2020	<i>old:</i>	190.6	29.3	4.01
	Δ	1.5%	38.2%	35.6%
2021	<i>old:</i>	205.2	33.9	4.65
	Δ	6.8%	56.5%	54.5%

#### Key share data:

Number of shares: (in m pcs) 5.2  
 Authorised capital: (in € m) 0.6  
 Book value per share: (in €) 27.9  
 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.

## Modelling: gallium-68 generators revenue

	2018	...	2021E	...	2026E	CAGR 18-21E	CAGR 21E-26E
Forecast need for generators (units)			4000		6000	n/a	8.4%
<b>revenue (in € m)</b>	<b>15.0</b>		<b>52.5</b>		<b>144.0</b>	<b>51.8%</b>	<b>22.4%</b>
ASP (in €)	110,000		110,000		80,000		
# of generators sold	136		477		1800		
assumed market share (EUZ)					30%		
comments	- supply constrained -				- conservative -		

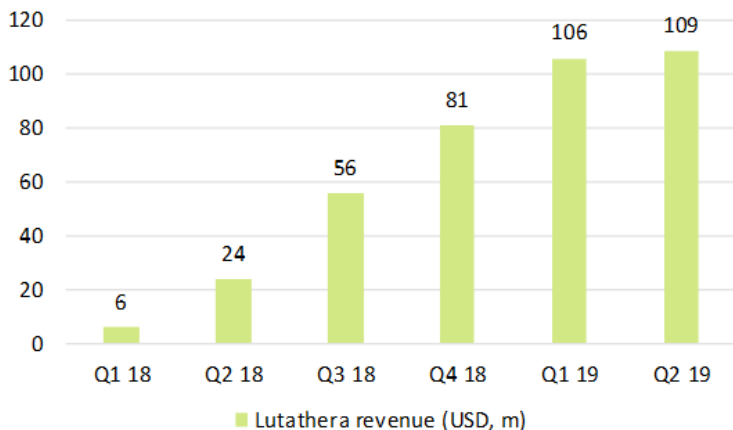
Source: Hauck & Aufhauser

## Radiopharma to drive EBIT growth (in € m)

	2018	2019E	2020E	2021E	CAGR 18E-21E	2026E	CAGR 21E-26E
<b>Radiopharma</b>							
<b>Sales</b>	<b>31.5</b>	<b>43.6</b>	<b>52.8</b>	<b>74.6</b>	33.3%	<b>200.3</b>	21.8%
eH&A: thereof Ga-68 generators	15.0	23.5	34.8	52.5	51.8%	144.0	22.4%
thereof the rest	16.5	17.2	18.0	22.1	10.3%		
eH&A: thereof Yt-90 (SIRTEX)	2.0	2.0	5.3	4.6	32.0%	35.4	50.4%
other isotopes, radiosynthesis etc.	14.5	15.2	16.0	16.8	5.0%	20.9	4.5%
<b>EBIT</b>	<b>9.1</b>	<b>16.7</b>	<b>23.0</b>	<b>35.0</b>	56.7%	<b>100.0</b>	23.3%
EBIT margin	28.9%	38.2%	43.6%	47.0%		49.9%	
<b>Isotope products</b>							
<b>Sales</b>	106.8	108.0	111.2	114.6	2.4%	132.8	3.0%
<b>EBIT</b>	15.6	16.7	17.1	17.6	4.1%	20.3	2.8%
EBIT margin	14.6%	15.4%	15.4%	15.4%			
<b>Radiation therapy</b>							
<b>Sales</b>	30.4	28.8	29.4	30.0	-0.4%	33.1	2.0%
<b>EBIT</b>	1.5	1.0	1.1	1.1	-8.6%	1.3	3.4%
EBIT margin	4.8%	3.5%	3.7%	3.7%			
Corporate costs	-2.8	-0.8	-0.8	-0.8		-0.8	
<b>Group</b>							
<b>Sales</b>	<b>168.7</b>	<b>180.4</b>	<b>193.5</b>	<b>219.2</b>	9.1%	<b>366.3</b>	10.8%
<b>EBIT</b>	<b>23.4</b>	<b>33.6</b>	<b>40.5</b>	<b>53.0</b>	31.4%	<b>120.8</b>	17.9%
EBIT margin	13.9%	18.6%	20.9%	24.2%		33.0%	

Source: Hauck & Aufhauser

## Rapid rollout of Lutathera (in \$ m)



Source: Novartis; Hauck & Aufhauser

## Financials

Profit and loss (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
<b>Sales</b>	<b>139.7</b>	<b>119.9</b>	<b>138.6</b>	<b>168.7</b>	<b>180.4</b>	<b>193.5</b>	<b>219.2</b>
Sales growth	9.7 %	-14.2 %	15.7 %	21.7 %	6.9 %	7.2 %	13.3 %
Cost of sales	76.9	60.3	74.8	94.4	87.5	90.0	96.5
<b>Gross profit</b>	<b>62.8</b>	<b>59.6</b>	<b>63.9</b>	<b>74.3</b>	<b>92.9</b>	<b>103.5</b>	<b>122.8</b>
Sales and marketing	25.5	18.1	20.0	23.3	27.6	28.2	31.3
General and administration	26.3	24.7	23.9	26.9	32.8	34.4	37.9
Research and development	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other operating income	13.2	3.5	3.8	3.5	4.9	4.8	5.3
Other operating expenses	6.1	5.0	4.5	4.5	4.5	5.2	5.7
Unusual or infrequent items	0.0	0.9	-1.2	0.2	0.0	0.0	0.0
<b>EBITDA</b>	<b>26.9</b>	<b>24.9</b>	<b>26.6</b>	<b>32.0</b>	<b>42.4</b>	<b>50.3</b>	<b>63.0</b>
Depreciation	8.8	8.7	8.6	8.6	9.5	9.8	10.0
<b>EBITA</b>	<b>18.2</b>	<b>16.1</b>	<b>18.0</b>	<b>23.4</b>	<b>32.9</b>	<b>40.5</b>	<b>53.0</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 (inc revaluation net)</b>	<b>18.2</b>	<b>16.1</b>	<b>18.0</b>	<b>23.4</b>	<b>32.9</b>	<b>40.5</b>	<b>53.0</b>
Interest income	0.2	0.4	0.3	0.2	0.2	0.2	0.2
Interest expenses	1.4	1.2	0.9	0.7	0.7	0.7	0.7
Other financial result	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-1.3	-0.7	-0.6	-0.5	-0.5	-0.5	-0.5
<b>Recurring pretax income from continuing operations</b>	<b>16.9</b>	<b>15.4</b>	<b>17.3</b>	<b>22.9</b>	<b>32.4</b>	<b>40.0</b>	<b>52.5</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>16.9</b>	<b>15.4</b>	<b>17.3</b>	<b>22.9</b>	<b>32.4</b>	<b>40.0</b>	<b>52.5</b>
Taxes	5.6	5.0	5.3	6.0	9.1	11.2	14.7
<b>Net income from continuing operations</b>	<b>11.3</b>	<b>10.4</b>	<b>12.0</b>	<b>16.9</b>	<b>23.3</b>	<b>28.8</b>	<b>37.8</b>
Result from discontinued operations (net of tax)	-0.9	-0.7	3.1	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>10.3</b>	<b>9.8</b>	<b>15.1</b>	<b>16.9</b>	<b>23.3</b>	<b>28.8</b>	<b>37.8</b>
Minority interest	-0.4	0.2	0.4	0.8	0.7	0.7	0.7
<b>Net profit (reported)</b>	<b>10.7</b>	<b>9.5</b>	<b>14.7</b>	<b>16.1</b>	<b>22.6</b>	<b>28.1</b>	<b>37.1</b>
Average number of shares	5.3	5.3	5.3	5.2	5.2	5.2	5.2
<b>EPS reported</b>	<b>2.02</b>	<b>1.81</b>	<b>2.78</b>	<b>3.12</b>	<b>4.38</b>	<b>5.44</b>	<b>7.18</b>

Profit and loss (common size)	2015	2016	2017	2018	2019E	2020E	2021E
<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	55.0 %	50.3 %	53.9 %	55.9 %	48.5 %	46.5 %	44.0 %
<b>Gross profit</b>	<b>45.0 %</b>	<b>49.7 %</b>	<b>46.1 %</b>	<b>44.1 %</b>	<b>51.5 %</b>	<b>53.5 %</b>	<b>56.0 %</b>
Sales and marketing	18.3 %	15.1 %	14.4 %	13.8 %	15.3 %	14.6 %	14.3 %
General and administration	18.8 %	20.6 %	17.3 %	15.9 %	18.2 %	17.8 %	17.3 %
Research and development	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other operating income	9.4 %	2.9 %	2.7 %	2.1 %	2.7 %	2.5 %	2.4 %
Other operating expenses	4.3 %	4.2 %	3.2 %	2.6 %	2.5 %	2.7 %	2.6 %
Unusual or infrequent items	0.0 %	0.7 %	neg.	0.1 %	0.0 %	0.0 %	0.0 %
<b>EBITDA</b>	<b>19.3 %</b>	<b>20.8 %</b>	<b>19.2 %</b>	<b>18.9 %</b>	<b>23.5 %</b>	<b>26.0 %</b>	<b>28.7 %</b>
Depreciation	6.3 %	7.3 %	6.2 %	5.1 %	5.3 %	5.1 %	4.6 %
<b>EBITA</b>	<b>13.0 %</b>	<b>13.5 %</b>	<b>13.0 %</b>	<b>13.9 %</b>	<b>18.2 %</b>	<b>20.9 %</b>	<b>24.2 %</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 (inc revaluation net)</b>	<b>13.0 %</b>	<b>13.5 %</b>	<b>13.0 %</b>	<b>13.9 %</b>	<b>18.2 %</b>	<b>20.9 %</b>	<b>24.2 %</b>
Interest income	0.1 %	0.4 %	0.2 %	0.1 %	0.1 %	0.1 %	0.1 %
Interest expenses	1.0 %	1.0 %	0.6 %	0.4 %	0.4 %	0.3 %	0.3 %
Other financial result	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	neg.	neg.	neg.	neg.	neg.	neg.	neg.
<b>Recurring pretax income from continuing operations</b>	<b>12.1 %</b>	<b>12.9 %</b>	<b>12.5 %</b>	<b>13.6 %</b>	<b>17.9 %</b>	<b>20.7 %</b>	<b>24.0 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>12.1 %</b>	<b>12.9 %</b>	<b>12.5 %</b>	<b>13.6 %</b>	<b>17.9 %</b>	<b>20.7 %</b>	<b>24.0 %</b>
Tax rate	33.3 %	32.2 %	30.7 %	26.2 %	28.0 %	28.0 %	28.0 %
<b>Net income from continuing operations</b>	<b>8.1 %</b>	<b>8.7 %</b>	<b>8.7 %</b>	<b>10.0 %</b>	<b>12.9 %</b>	<b>14.9 %</b>	<b>17.2 %</b>
Result from discontinued operations (net of tax)	-0.7 %	-0.6 %	2.2 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net income</b>	<b>7.4 %</b>	<b>8.2 %</b>	<b>10.9 %</b>	<b>10.0 %</b>	<b>12.9 %</b>	<b>14.9 %</b>	<b>17.2 %</b>
Minority interest	neg.	0.2 %	0.3 %	0.4 %	0.4 %	0.4 %	0.3 %
<b>Net profit (reported)</b>	<b>7.6 %</b>	<b>8.0 %</b>	<b>10.6 %</b>	<b>9.6 %</b>	<b>12.5 %</b>	<b>14.5 %</b>	<b>16.9 %</b>

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
<b>Intangible assets</b>	<b>54.1</b>	<b>53.0</b>	<b>51.4</b>	<b>52.5</b>	<b>70.1</b>	<b>70.1</b>	<b>70.1</b>
Property, plant and equipment	36.0	37.8	33.8	36.9	34.4	31.1	27.6
Financial assets	2.8	2.9	3.2	3.5	3.5	3.5	3.5
<b>FIXED ASSETS</b>	<b>92.9</b>	<b>93.7</b>	<b>88.5</b>	<b>93.0</b>	<b>108.1</b>	<b>104.8</b>	<b>101.3</b>
Inventories	25.0	25.1	26.8	28.8	34.8	39.5	44.7
Accounts receivable	21.4	23.2	24.3	28.3	31.6	33.9	38.4
Other current assets	16.5	11.9	10.9	14.9	14.9	14.9	14.9
Liquid assets	31.5	36.6	57.7	54.2	64.6	82.5	105.4
Deferred taxes	9.4	9.0	8.8	9.9	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>103.8</b>	<b>105.8</b>	<b>128.5</b>	<b>136.1</b>	<b>146.0</b>	<b>170.8</b>	<b>203.5</b>
<b>TOTAL ASSETS</b>	<b>196.7</b>	<b>199.5</b>	<b>217.0</b>	<b>229.1</b>	<b>254.1</b>	<b>275.6</b>	<b>304.8</b>
SHAREHOLDERS EQUITY	99.7	105.2	112.3	122.6	144.3	164.4	191.7
MINORITY INTEREST	5.0	4.9	5.2	1.2	1.1	1.1	1.1
Long-term debt	5.0	4.1	0.0	0.0	0.0	0.0	0.0
Provisions for pensions and similar obligations	10.5	11.8	11.7	11.4	11.6	11.6	11.6
Other provisions	31.4	35.3	48.7	55.1	56.2	57.3	58.4
<b>Non-current liabilities</b>	<b>46.9</b>	<b>51.2</b>	<b>60.4</b>	<b>66.5</b>	<b>67.8</b>	<b>68.9</b>	<b>70.1</b>
short-term liabilities to banks	10.6	7.5	1.7	0.0	0.0	0.0	0.0
Accounts payable	7.5	6.4	4.5	6.5	6.0	6.2	6.6
Advance payments received on orders	0.4	1.4	5.9	4.1	4.1	4.1	4.1
Other liabilities (incl. from lease and rental contracts)	18.6	15.6	17.3	17.4	30.3	30.3	30.3
Deferred taxes	6.2	5.6	6.4	7.1	0.0	0.0	0.0
Deferred income	1.8	1.7	3.3	3.6	0.0	0.0	0.0
<b>Current liabilities</b>	<b>45.1</b>	<b>38.2</b>	<b>39.1</b>	<b>38.8</b>	<b>40.4</b>	<b>40.6</b>	<b>41.0</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>196.7</b>	<b>199.5</b>	<b>217.0</b>	<b>229.1</b>	<b>253.6</b>	<b>275.0</b>	<b>303.9</b>

Balance sheet (common size)	2015	2016	2017	2018	2019E	2020E	2021E
<b>Intangible assets</b>	<b>27.5 %</b>	<b>26.6 %</b>	<b>23.7 %</b>	<b>22.9 %</b>	<b>27.7 %</b>	<b>25.5 %</b>	<b>23.1 %</b>
Property, plant and equipment	18.3 %	19.0 %	15.6 %	16.1 %	13.6 %	11.3 %	9.1 %
Financial assets	1.4 %	1.4 %	1.5 %	1.5 %	1.4 %	1.3 %	1.2 %
<b>FIXED ASSETS</b>	<b>47.2 %</b>	<b>47.0 %</b>	<b>40.8 %</b>	<b>40.6 %</b>	<b>42.6 %</b>	<b>38.1 %</b>	<b>33.3 %</b>
Inventories	12.7 %	12.6 %	12.3 %	12.6 %	13.7 %	14.4 %	14.7 %
Accounts receivable	10.9 %	11.6 %	11.2 %	12.4 %	12.5 %	12.3 %	12.6 %
Other current assets	8.4 %	6.0 %	5.0 %	6.5 %	5.9 %	5.4 %	4.9 %
Liquid assets	16.0 %	18.3 %	26.6 %	23.7 %	25.5 %	30.0 %	34.7 %
Deferred taxes	4.8 %	4.5 %	4.1 %	4.3 %	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>52.8 %</b>	<b>53.0 %</b>	<b>59.2 %</b>	<b>59.4 %</b>	<b>57.6 %</b>	<b>62.1 %</b>	<b>67.0 %</b>
<b>TOTAL ASSETS</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.2 %</b>	<b>100.2 %</b>	<b>100.3 %</b>
SHAREHOLDERS EQUITY	50.7 %	52.7 %	51.8 %	53.5 %	56.9 %	59.8 %	63.1 %
MINORITY INTEREST	2.5 %	2.5 %	2.4 %	0.5 %	0.4 %	0.4 %	0.4 %
Long-term debt	2.5 %	2.1 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Provisions for pensions and similar obligations	5.3 %	5.9 %	5.4 %	5.0 %	4.6 %	4.2 %	3.8 %
Other provisions	16.0 %	17.7 %	22.4 %	24.0 %	22.1 %	20.8 %	19.2 %
<b>Non-current liabilities</b>	<b>23.8 %</b>	<b>25.7 %</b>	<b>27.8 %</b>	<b>29.0 %</b>	<b>26.7 %</b>	<b>25.1 %</b>	<b>23.1 %</b>
short-term liabilities to banks	5.4 %	3.8 %	0.8 %	0.0 %	0.0 %	0.0 %	0.0 %
Accounts payable	3.8 %	3.2 %	2.1 %	2.8 %	2.4 %	2.2 %	2.2 %
Advance payments received on orders	0.2 %	0.7 %	2.7 %	1.8 %	1.6 %	1.5 %	1.4 %
Other liabilities (incl. from lease and rental contracts)	9.4 %	7.8 %	8.0 %	7.6 %	11.9 %	11.0 %	10.0 %
Deferred taxes	3.2 %	2.8 %	3.0 %	3.1 %	0.0 %	0.0 %	0.0 %
Deferred income	0.9 %	0.8 %	1.5 %	1.6 %	0.0 %	0.0 %	0.0 %
<b>Current liabilities</b>	<b>22.9 %</b>	<b>19.1 %</b>	<b>18.0 %</b>	<b>16.9 %</b>	<b>15.9 %</b>	<b>14.8 %</b>	<b>13.5 %</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)	2015	2016	2017	2018	2019E	2020E	2021E
Net profit/loss	10.3	9.8	15.1	16.9	23.3	28.8	37.8
Depreciation of fixed assets (incl. leases)	8.8	8.7	8.6	8.6	9.5	9.8	10.0
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	-5.5	-0.8	5.5	2.8	0.2	0.0	0.0
Cash flow from operations before changes in w/c	13.6	17.7	29.3	28.2	33.0	38.6	47.8
Increase/decrease in inventory	0.3	0.3	-1.7	0.7	-6.1	-4.6	-5.3
Increase/decrease in accounts receivable	2.0	2.0	-1.1	-4.0	-3.3	-2.3	-4.5
Increase/decrease in accounts payable	0.2	0.1	-1.9	2.0	-0.5	0.2	0.4
Increase/decrease in other working capital positions	0.1	0.2	2.2	-5.7	0.0	0.0	0.0
Increase/decrease in working capital	2.6	2.6	-2.5	-7.0	-9.9	-6.8	-9.3
<b>Cash flow from operating activities</b>	<b>16.2</b>	<b>20.3</b>	<b>26.8</b>	<b>21.2</b>	<b>23.1</b>	<b>31.8</b>	<b>38.5</b>
CAPEX	3.8	5.3	4.2	6.1	7.0	6.5	6.5
Payments for acquisitions	0.6	0.2	5.5	2.1	0.0	0.0	0.0
Financial investments	0.0	0.0	0.5	0.0	0.0	0.0	0.0
Income from asset disposals	5.4	0.0	15.2	-2.5	0.0	0.0	0.0
<b>Cash flow from investing activities</b>	<b>1.0</b>	<b>-5.5</b>	<b>5.1</b>	<b>-10.7</b>	<b>-7.0</b>	<b>-6.5</b>	<b>-6.5</b>
Cash flow before financing	17.2	14.8	31.9	10.5	16.1	25.3	32.0
Increase/decrease in debt position	-3.3	-3.9	-5.3	-1.7	0.0	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	8.6	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	3.5	4.1	6.2	7.5	9.4
Others	-2.0	-2.5	-1.2	-0.2	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.9	0.3	-0.8	0.6	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-8.4</b>	<b>-9.5</b>	<b>-10.0</b>	<b>-14.6</b>	<b>-6.2</b>	<b>-7.5</b>	<b>-9.4</b>
Increase/decrease in liquid assets	9.6	5.6	21.1	-3.5	9.9	17.8	22.6
<b>Liquid assets at end of period</b>	<b>31.4</b>	<b>37.0</b>	<b>57.7</b>	<b>54.2</b>	<b>64.1</b>	<b>81.9</b>	<b>104.5</b>

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
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	72.0	74.5	84.9	96.8	110.4	125.9	143.5
yoy change	6.5 %	3.5 %	14.0 %	14.0 %	14.0 %	14.0 %	14.0 %
NAFTA	44.5	46.1	53.0	60.9	70.1	80.6	92.7
yoy change	7.0 %	3.5 %	15.0 %	15.0 %	15.0 %	15.0 %	15.0 %
Asia Pacific	13.0	14.0	15.8	17.9	20.2	22.9	25.8
yoy change	10.0 %	8.0 %	13.0 %	13.0 %	13.0 %	13.0 %	13.0 %
Rest of world	10.2	-14.7	-15.1	-7.0	-20.3	-35.8	-42.7
yoy change	62.1 %	neg.	neg.	neg.	neg.	neg.	neg.
<b>TTL</b>	<b>139.7</b>	<b>119.9</b>	<b>138.6</b>	<b>168.7</b>	<b>180.4</b>	<b>193.5</b>	<b>219.2</b>
yoy change	9.7 %	-14.2 %	15.7 %	21.7 %	6.9 %	7.2 %	13.3 %

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2015	2016	2017	2018	2019E	2020E	2021E
<b>P&amp;L growth analysis</b>							
Sales growth	9.7 %	-14.2 %	15.7 %	21.7 %	6.9 %	7.2 %	13.3 %
EBITDA growth	33.7 %	-7.6 %	7.0 %	20.1 %	32.5 %	18.7 %	25.4 %
EBIT growth	40.2 %	-11.2 %	11.4 %	30.1 %	40.5 %	23.2 %	31.0 %
EPS growth	57.5 %	-10.5 %	53.9 %	12.3 %	40.2 %	24.2 %	32.2 %
<b>Efficiency</b>							
Total operating costs / sales	32.0 %	37.0 %	32.2 %	30.3 %	33.3 %	32.6 %	31.8 %
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	26.9 %	32.9 %	29.3 %	25.8 %	28.5 %	30.9 %	30.9 %
Inventory turnover (sales/inventory)	5.6	4.8	5.2	5.2	5.2	4.9	4.9
Trade debtors in days of sales	55.9	70.7	64.0	64.0	64.0	64.0	64.0
A/P turnover [(A/P*365)/sales]	35.8	38.7	22.0	25.0	25.0	25.0	25.0
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	12.3	15.0	22.7	15.1	16.1	25.3	32.0
Free cash flow/sales	8.8 %	12.5 %	16.4 %	8.9 %	8.9 %	13.1 %	14.6 %
FCF / net profit	115.6 %	156.6 %	154.2 %	93.5 %	71.3 %	90.1 %	86.1 %
Capex / deprn	43.8 %	61.0 %	53.9 %	71.4 %	73.7 %	66.3 %	65.0 %
Capex / maintenance capex	48.7 %	67.8 %	48.1 %	75.2 %	77.6 %	69.8 %	68.4 %
Capex / sales	2.8 %	4.4 %	3.4 %	3.6 %	3.9 %	3.4 %	3.0 %
<b>Security</b>							
Net debt	-15.9	-24.9	-56.0	-54.1	-64.5	-82.4	-105.3
Net Debt/EBITDA	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net debt / equity	neg.	neg.	neg.	neg.	neg.	neg.	neg.
Interest cover	12.6	13.9	20.4	34.8	48.9	60.2	78.9
Dividend payout ratio	28.8 %	37.4 %	27.9 %	38.4 %	33.3 %	33.3 %	33.3 %
<b>Asset utilisation</b>							
Capital employed turnover	1.0	0.9	1.1	1.2	1.2	1.2	1.3
Operating assets turnover	1.9	1.5	1.9	2.0	2.0	2.1	2.2
Plant turnover	3.9	3.2	4.1	4.6	5.2	6.2	7.9
Inventory turnover (sales/inventory)	5.6	4.8	5.2	5.2	5.2	4.9	4.9
<b>Returns</b>							
ROCE	13.6 %	12.0 %	13.8 %	17.6 %	22.4 %	26.1 %	33.2 %
ROE	10.7 %	9.1 %	13.1 %	13.2 %	15.7 %	17.1 %	19.4 %
<b>Other</b>							
Interest paid / avg. debt	8.4 %	8.6 %	13.2 %	73.9 %	781.4 %	781.4 %	781.4 %
No. employees (average)	0	0	0	0	0	0	0
Number of shares	5.3	5.3	5.3	5.2	5.2	5.2	5.2
DPS	0.6	0.7	0.8	1.2	1.5	1.8	2.4
EPS reported	2.02	1.81	2.78	3.12	4.38	5.44	7.18
<b>Valuation ratios</b>							
P/BV	8.5	8.1	7.6	6.8	5.7	5.0	4.3
EV/sales	5.9	6.8	5.6	4.7	4.3	3.9	3.4
EV/EBITDA	30.4	32.6	29.3	24.6	18.3	15.1	11.7
EV/EBITA	45.1	50.3	43.4	33.6	23.6	18.7	13.9
EV/EBIT	45.1	50.3	43.4	33.6	23.6	18.7	13.9
EV/FCF	66.4	54.3	34.4	52.1	48.2	30.0	23.0
Adjusted FCF yield	1.7 %	1.5 %	1.6 %	2.2 %	3.1 %	3.9 %	5.2 %
Dividend yield	0.4 %	0.4 %	0.5 %	0.7 %	0.9 %	1.1 %	1.5 %

Source: Company data, Hauck & Aufhäuser

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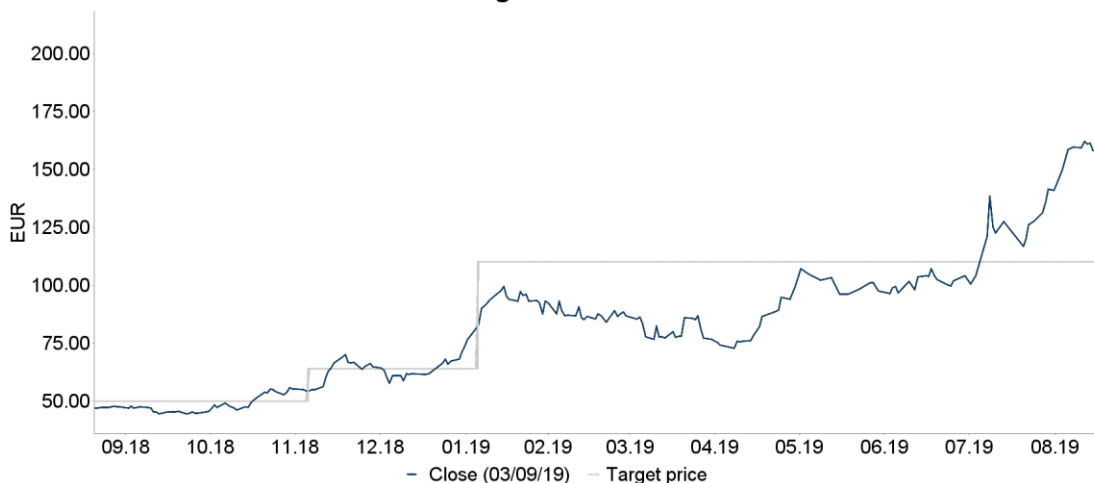
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Company	Disclosure
Eckert & Ziegler AG	2

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

**Price and Rating History  
Eckert & Ziegler AG as of 04/09/19**

**Initiation coverage**  
08-April-10



Company	Date	Analyst	Rating	Target price	Close
Eckert & Ziegler AG	02.05.2019	Halitsa, Aliaksandr	Buy	EUR 110,00	EUR 82,10
	27.02.2019	Halitsa, Aliaksandr	Buy	EUR 110,00	EUR 86,00
	22.01.2019	Halitsa, Aliaksandr	Buy	EUR 110,00	EUR 90,00
	21.11.2018	Halitsa, Aliaksandr	Buy	EUR 64,00	EUR 54,40

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<b>Sell</b>	12.03 %	5.26 %
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