



**Buy** (old: Buy)

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

<b>Price:</b>	EUR 174.40	<b>Next result:</b>	Q3 12.11.19
<b>Bloomberg:</b>	EUZ GR	<b>Market cap:</b>	EUR 900.4 m
<b>Reuters:</b>	EUZG.DE	<b>Enterprise Value:</b>	EUR 848.0 m

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## In the epicenter of the nuclear medicine

The recent news flow in the precision oncology industry underpins our positive view on **significant growth potential of the market for Ga-68 generators** and once again proves that **EUZ is one of the key "enabler" of this multi-billion industry.**

Last week, a clinical-stage biopharmaceutical company focused on the development of diagnostic and therapeutic products based on targeted radiopharmaceuticals (Telix) entered into a **conditional purchase agreement with EUZ to acquire a licensed radiopharmaceutical production facility in Belgium** (*details on next page*).

The facility has been largely decommissioned from prior use, but should have a **substantial strategic value**. In fact, the site has one of **the most extensive private nuclear licenses in Europe**. With this acquisition, Telix stands to gain significant operational flexibility and will be able to overcome capacity constraints imposed by the fragmented, low-scale radiopharmaceuticals manufacturing landscape in Europe.

Much more important, however, is the **main reason behind Telix's pursuit of this asset**. The Belgian production site is crucial to support the planned **launch of Telix's prostate cancer diagnostic therapy based on Ga-68** in the next 18-24 months.

Based on our channel checks we learned that Telix developed and uses a "kit" for labeling PSMA-11 ("smart molecule" for targeting prostate cancer) with Ga-68 which is **validated for use with EUZ's generators**. Furthermore, the same "kit" seems to be used by Novartis in Phase III clinical trial for its prostate cancer diagnostic agent.

This shows that **EUZ is in the epicenter of the booming radiopharmaceuticals market** and stands to benefit from its robust growth. In fact, **EUZ has its foot in the door with both prostate cancer targeting molecules** in late stage of development (from Telix and Novartis) as both use labeling "kits" that are validated for use with EUZ's generators.

Consequently, this should provide a great deal of **confidence in our upbeat expectations with regards to the 68Ga generators market growth** in the coming years, where EUZ is evidently a "go to player" (*next page*). - continued -

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	-64.0	-81.8	-104.4
Net gearing	-16.0 %	-23.7 %	-49.8 %	-44.1 %	-44.4 %	-49.8 %	-54.5 %
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	2.73	4.36	5.61
DPS	0.60	0.66	0.80	1.20	1.46	1.81	2.40
Dividend yield	0.3 %	0.4 %	0.5 %	0.7 %	0.8 %	1.0 %	1.4 %
Gross profit margin	45.0 %	49.7 %	46.1 %	44.1 %	51.5 %	53.5 %	56.0 %
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 %	22.3 %	26.0 %	33.0 %
EV/sales	6.4	7.4	6.1	5.1	4.7	4.3	3.7
EV/EBITDA	33.1	35.5	32.0	26.8	20.0	16.5	12.8
EV/EBIT	49.0	54.7	47.4	36.7	25.8	20.5	15.2
PER	79.4	90.3	74.1	52.6	37.4	29.5	21.7
Adjusted FCF yield	1.6 %	1.3 %	1.4 %	2.0 %	2.8 %	3.5 %	4.8 %

Source: Company data, Hauck & Aufhäuser Close price as of: 07.10.2019



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 185.60 / 44.35

**Price/Book Ratio:** 5.7

**Relative performance (SDAX):**

3 months 62.1 %

6 months 91.9 %

12 months -

### Changes in estimates

		Sales	EBIT	EPS
2019	old:	180.4	32.9	4.38
	Δ	-	-	-
2020	old:	193.5	40.5	5.44
	Δ	-	-	-
2021	old:	219.2	53.0	7.19
	Δ	-	-	-

### 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.

## Telix Pharmaceuticals to Acquire European Production Facility from EUZ

The Site consists of approximately 35,000m<sup>2</sup> of land and building space of 2,350m<sup>2</sup> (2,000m<sup>2</sup> of utilised space and 350m<sup>2</sup> for utilities/HVAC). The Site consists of 1,000 m<sup>2</sup> of laboratory/production space and 300m<sup>2</sup> of logistics space. The Site currently has two installed cyclotron vaults in a controlled area (250m<sup>2</sup>) and has capacity for an additional 6 cyclotron vaults if required. Uniquely, the floorplan and utility space is purposely designed to support both radiometals (e.g. <sup>89</sup>Zr, <sup>177</sup>Lu) and radiohalogens (e.g. <sup>131</sup>I), used in Telix's product portfolio.

Source: Telix; Hauck&Aufhaeuser

### 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

## 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>
<i>Sales growth</i>	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	64.1	81.9	104.5
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>145.5</b>	<b>170.2</b>	<b>202.6</b>
<b>TOTAL ASSETS</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>
<b>SHAREHOLDERS EQUITY</b>	<b>99.7</b>	<b>105.2</b>	<b>112.3</b>	<b>122.6</b>	<b>144.3</b>	<b>164.4</b>	<b>191.7</b>
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 %	25.3 %	29.8 %	34.4 %
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>57.4 %</b>	<b>61.9 %</b>	<b>66.7 %</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>
<b>SHAREHOLDERS EQUITY</b>	<b>50.7 %</b>	<b>52.7 %</b>	<b>51.8 %</b>	<b>53.5 %</b>	<b>56.9 %</b>	<b>59.8 %</b>	<b>63.1 %</b>
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 / depre	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	-64.0	-81.8	-104.4
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 %	22.3 %	26.0 %	33.0 %
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	9.3	8.8	8.2	7.3	6.2	5.5	4.7
EV/sales	6.4	7.4	6.1	5.1	4.7	4.3	3.7
EV/EBITDA	33.1	35.5	32.0	26.8	20.0	16.5	12.8
EV/EBITA	49.0	54.7	47.4	36.7	25.8	20.5	15.2
EV/EBIT	49.0	54.7	47.4	36.7	25.8	20.5	15.2
EV/FCF	72.1	59.0	37.6	56.8	52.6	32.8	25.3
Adjusted FCF yield	1.6 %	1.3 %	1.4 %	2.0 %	2.8 %	3.5 %	4.8 %
Dividend yield	0.3 %	0.4 %	0.5 %	0.7 %	0.8 %	1.0 %	1.4 %

Source: Company data, Hauck & Aufhäuser

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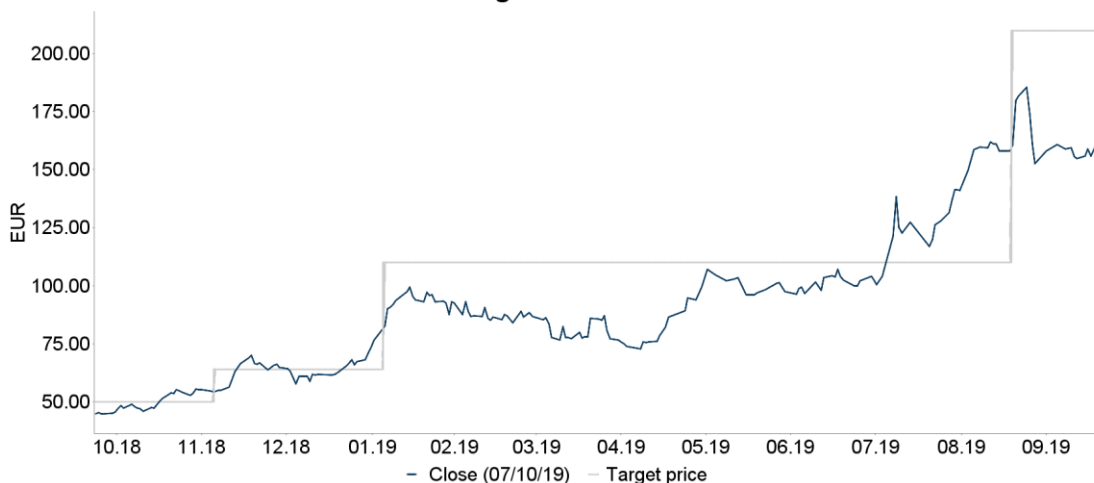
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Company	Disclosure
Eckert & Ziegler AG	2

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

**Price and Rating History  
Eckert & Ziegler AG as of 08/10/19**

**Initiation coverage**  
08-April-10



Company	Date	Analyst	Rating	Target price	Close
Eckert & Ziegler AG	05.09.2019	Halitsa, Aliaksandr	Buy	EUR 210,00	EUR 179,60
	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>	11.88 %	5.26 %
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