

12-November-19

Q3 results fully underpin the growth case

EUR	Q3 2019	Q3 2019 est	Q3 2018	yoy
Sales	44.1	48.1	42.8	3.2%
EBIT	8.8	8.2	5.8	51.3%
EBIT margin	20.0%	17.0%	13.6%	+6.3 pp
EPS (excl. disc. operations)	1.11	1.10	0.88	26.1%

- **Q3 sales up 12% yoy to € 48m** with Radiopharma (25% of sales) growing by 35% yoy to € 11m.
- **Q3 EBIT up 51% yoy to € 8.8m** implying an EBIT margin of 20%. The outstanding incremental margin of >200% reflects exceptional profitability of the ga-68 generators franchise replacing less profitable sales as well as fade out of reorganization/integration costs incurred last year.
- **FY guidance looks conservative.** After solid Q3 results, EUZ's FY EPS guidance of € 4.0 looks increasingly conservative. In fact, in order to achieve the FY target, **Q4 EPS may even decline by 46% yoy.**
- **One-off items preclude guidance hike.** In our view, the only reason management did not raise its FY EPS guidance is potential one-off items that are likely be booked in Q4:
 - (i) Certain milestone payments dating back to 2015 may need to be adjusted (accounting topic). These are related to project delays within the entity EUZ sold its participation in back in 2015.
 - (ii) Additionally, EUZ is expecting to receive a fine from German Federal Financial Supervisory Authority due to formal mistakes in the mid-year reports for 2017 and 2018.

Both charges aren't expected to exceed € 1.8m (or € 0.35 EPS). Adjusting for these one-off items, EUZ should easily outperform the € 4.0 EPS target, in our view.

Despite the one-off charges, **EUZ should be able to outperform its FY EPS guidance** as the underlying strong business momentum is seen to persist. This is supported by the ongoing strong demand for ga-68 generators and other medical isotopes as well as associated hospital infrastructure (eg. radiosynthesis equipment, etc.).

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Buy

Price target: EUR 210.00

Price: EUR 156.40

Close price as of: 08.11.2019

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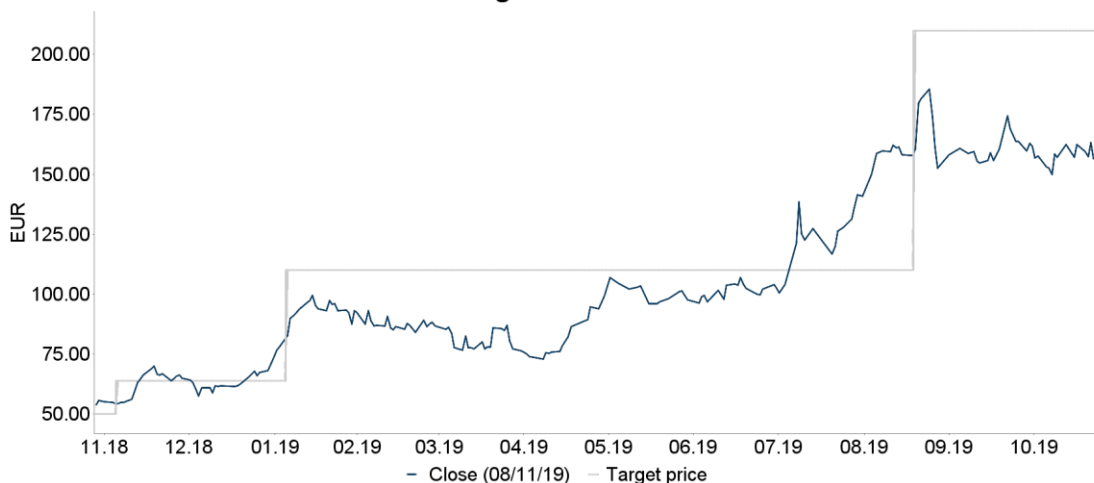
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Company	Disclosure
Eckert & Ziegler AG	2

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

**Price and Rating History
Eckert & Ziegler AG as of 12/11/19**

Initiation coverage
08-April-10



Company	Date	Analyst	Rating	Target price	Close
Eckert & Ziegler AG	08.10.2019	Halitsa, Aliaksandr	Buy	EUR 210,00	EUR 169,00
	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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Buy	63.35 %	75.00 %
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Hold	24.84 %	20.00 %

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