

**Buy** (old: Buy)

**Price target: EUR 52.50** (old: EUR 52.50)

**Price:** EUR 39.22      **Next result:** Q3 10.11.2020  
**Bloomberg:** EUZ GR      **Market cap:** EUR 809.0 m  
**Reuters:** EUZG.DE      **Enterprise Value:** EUR 733.9 m

24-August-20

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### Mid- and long-term growth prospects fully intact

EUZ's Q2 results were in line with prelims. While the pandemic-related headwinds weighed on sales of radiation sources for industrial applications (e.g. oil and gas) and medical devices (e.g. radiation therapy, radiosynthesys modules), **sales growth of radiopharmaceuticals remains robust** (c. +30% yoy).

- **Unbroken growth trend with radiopharmaceuticals.** Group sales declined by 6% yoy to € 83.6m (Q2: -14% yoy) mainly as a result of 15% yoy decline in Isotope Products (59% of sales) and 9% yoy decline in Medical (excl. radiopharmaceuticals). Importantly, however, sales with radiopharmaceuticals (e.g. gallium-68, yt-90, lu-177) continued to grow dynamically by ~30% yoy in H1 (*next page*).
- **High-margin pharma partly compensates for soft non-pharma EBIT.** Adjusted for € 2.7m of positive one-off, H1 EBIT was down 14% yoy to € 16.5m (Q2: -26% yoy). The strong decline is explained by the seizure of the high-margin oil and gas business within Isotope Products and the decline in Medical. This was partially offset by sustained strong sales growth with high-margin radiopharmaceuticals, which explains 2.9pp and 2.6pp EBIT margin improvement in Q2 and H1 respectively in the Medical division (*next page*).

More importantly, **stellar mid- to long-term growth prospects remain intact** backed by the rapidly evolving field of theranostics – i.e. usage of radioactive isotopes for highly effective, personalized cancer treatment. Today, attracted by the commercial success of Lutathera (first approved radiotheranostic therapy), more than half of the top 20 pharma heavyweights (e.g. Novartis, Roche, J&J, Astra Zeneca) made inroads in this market via in-house R&D or M&A.

As a result, there are more than 28 molecules under clinical development with potential to enter the market by 2026. Hence, it is hardly surprising that **theranostics is expected to grow to a \$ 6bn market by 2025E from c. \$ 1bn in 2020** (*next page*).

Given that most of the molecules under development are based on the Lu-177 / Ga-68 combination, **EUZ is seen amongst the key beneficiaries of the theranostics trend for years to come.** EUZ is the major supplier of Ga-68 and is currently ramping up production capacities – among others – for Lu-177.

**BUY** with an unchanged **PT of € 52.50** (adj. for stock split) based on DCF.

| Y/E 31.12 (EUR m)   | 2016    | 2017    | 2018    | 2019    | 2020E   | 2021E   | 2022E   |
|---------------------|---------|---------|---------|---------|---------|---------|---------|
| Sales               | 119.9   | 138.6   | 168.7   | 178.5   | 178.4   | 197.1   | 215.3   |
| Sales growth        | -14 %   | 16 %    | 22 %    | 6 %     | 0 %     | 10 %    | 9 %     |
| EBITDA              | 24.9    | 26.6    | 32.0    | 43.1    | 43.2    | 48.1    | 53.9    |
| EBIT                | 16.1    | 18.0    | 23.4    | 32.1    | 32.1    | 37.0    | 42.9    |
| Net income          | 9.5     | 14.7    | 16.1    | 22.0    | 22.1    | 25.6    | 29.8    |
| Net debt            | -24.9   | -56.0   | -54.1   | -78.9   | -89.4   | -97.6   | -119.2  |
| Net gearing         | -23.7 % | -49.8 % | -44.1 % | -57.1 % | -59.7 % | -58.4 % | -63.1 % |
| Net Debt/EBITDA     | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     |
| EPS pro forma       | 1.93    | 2.19    | 3.12    | 1.06    | 1.07    | 1.25    | 1.45    |
| CPS                 | 2.42    | 3.54    | 2.53    | 1.46    | 0.87    | 0.98    | 1.34    |
| DPS                 | 0.66    | 0.80    | 1.20    | 0.35    | 0.36    | 0.42    | 0.48    |
| Dividend yield      | 1.7 %   | 2.0 %   | 3.0 %   | 0.9 %   | 0.9 %   | 1.1 %   | 1.2 %   |
| Gross profit margin | 49.7 %  | 46.1 %  | 44.1 %  | 48.8 %  | 49.2 %  | 50.0 %  | 51.0 %  |
| EBITDA margin       | 20.8 %  | 19.2 %  | 18.9 %  | 24.2 %  | 24.2 %  | 24.4 %  | 25.0 %  |
| EBIT margin         | 13.5 %  | 13.0 %  | 13.9 %  | 18.0 %  | 18.0 %  | 18.8 %  | 19.9 %  |
| ROCE                | 12.0 %  | 13.8 %  | 17.6 %  | 22.5 %  | 22.4 %  | 25.2 %  | 20.4 %  |
| EV/sales            | 1.6     | 1.1     | 1.0     | 4.2     | 4.1     | 3.7     | 3.3     |
| EV/EBITDA           | 7.6     | 5.9     | 5.0     | 17.2    | 17.0    | 15.1    | 13.0    |
| EV/EBIT             | 11.7    | 8.8     | 6.9     | 23.2    | 22.8    | 19.6    | 16.4    |
| PER                 | 20.4    | 13.0    | 9.4     | 34.1    | 33.2    | 28.3    | 23.5    |
| Adjusted FCF yield  | 6.4 %   | 7.8 %   | 10.9 %  | 3.1 %   | 3.2 %   | 3.7 %   | 4.5 %   |

Source: Company data, Hauck & Aufhäuser Close price as of: 21.08.2020



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 50.38 / 24.60  
**Price/Book Ratio:** 5.4  
**Relative performance (SDAX):**  
3 months -0.5 %  
6 months -9.7 %  
12 months -18.2 %

#### Changes in estimates

|      |      | Sales | EBIT | EPS  |
|------|------|-------|------|------|
| 2020 | old: | 178.4 | 32.1 | 4.29 |
|      | Δ    | -     | -    | -    |
| 2021 | old: | 197.1 | 37.0 | 4.98 |
|      | Δ    | -     | -    | -    |
| 2022 | old: | 215.3 | 42.9 | 5.80 |
|      | Δ    | -     | -    | -    |

#### Key share data:

Number of shares: (in m pcs) 20.5  
Authorised capital: (in € m) 0.6  
Book value per share: (in €) 7.3  
Ø trading volume: (12 months) 20,453

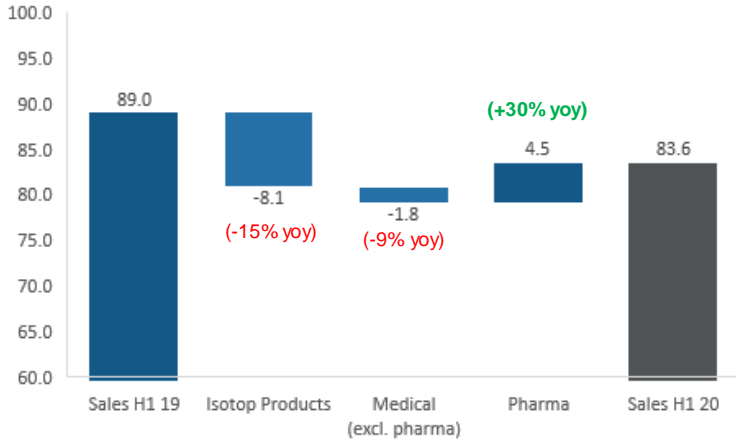
#### Major shareholders:

Free float 67.8 %  
Founders 32.2 %  
Eckert & Ziegler AG 0.1 %

#### Company description:

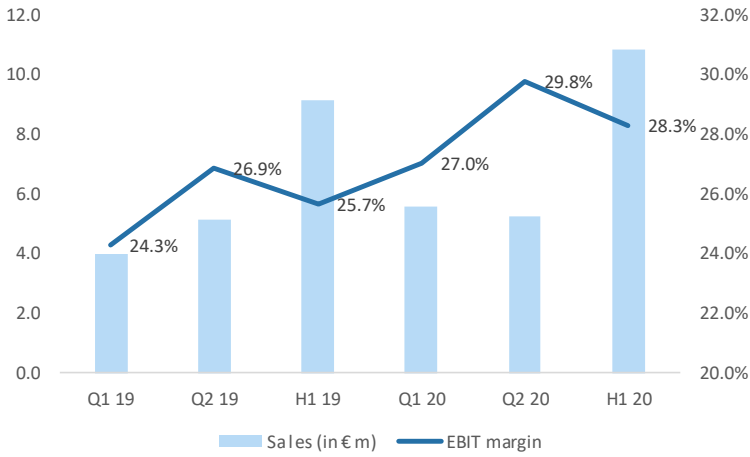
Produces and markets a wide range of industrial and medical applications featuring radioactive isotopes, including prostate seed implants, calibration standards and radiation afterloaders.

## Sales bridge (in € m)



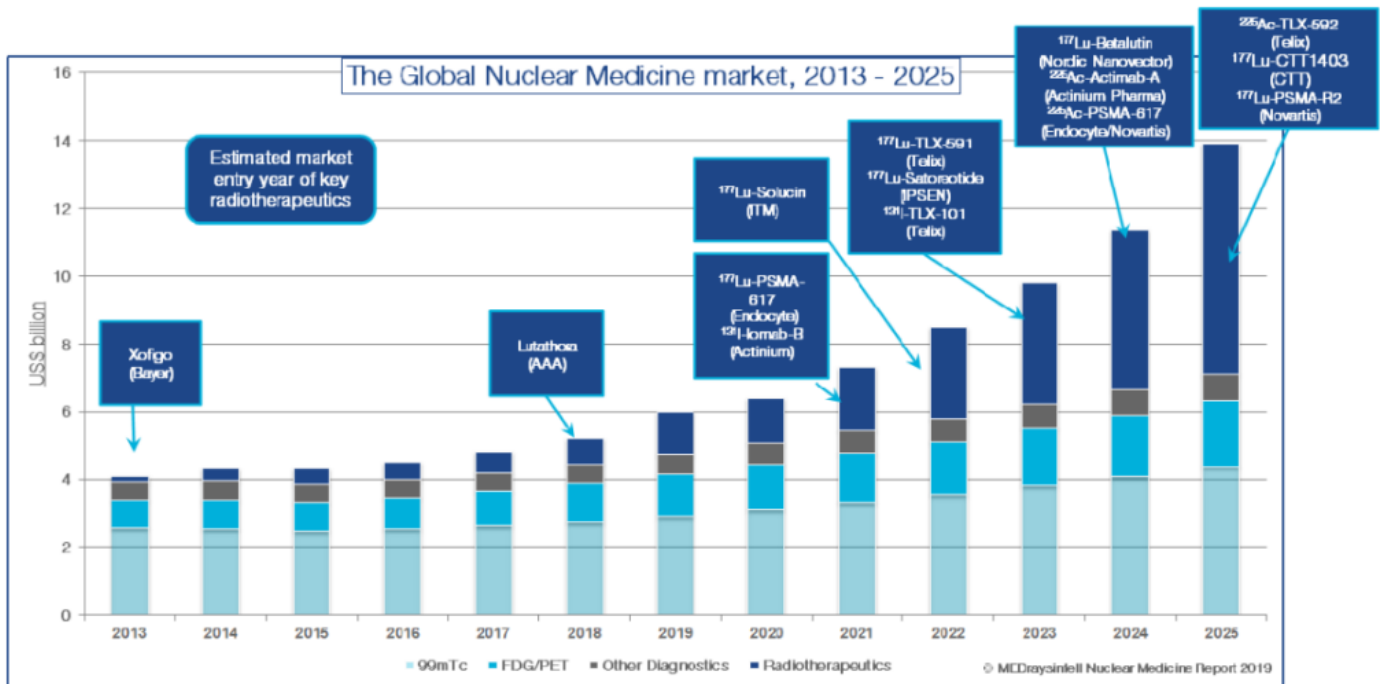
Source: company data; H&A

## Medical division: sales and EBIT margin



Source: company data; H&A

## Theranostics Market Overview



Source: MEDrainsintell; H&A

## Financials

| Profit and loss (EUR m)                                   | 2016         | 2017         | 2018         | 2019         | 2020E        | 2021E        | 2022E        |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Sales</b>  | <b>119.9</b> | <b>138.6</b> | <b>168.7</b> | <b>178.5</b> | <b>180.9</b> | <b>199.6</b> | <b>217.8</b> |
| Sales growth  | -14.2 %      | 15.7 %       | 21.7 %       | 5.8 %        | 1.3 %        | 10.4 %       | 9.1 %        |
| Cost of sales   | 60.3         | 74.8         | 94.4         | 91.5         | 91.9         | 99.8         | 106.7        |
| <b>Gross profit</b>                                       | <b>59.6</b>  | <b>63.9</b>  | <b>74.3</b>  | <b>87.0</b>  | <b>89.0</b>  | <b>99.8</b>  | <b>111.1</b> |
| Sales and marketing                                       | 18.1         | 20.0         | 23.3         | 22.9         | 23.2         | 25.6         | 28.0         |
| General and administration                                | 24.7         | 23.9         | 26.9         | 27.6         | 27.9         | 30.8         | 33.6         |
| Research and development                                  | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| Other operating income                                    | 3.5          | 3.8          | 3.5          | 2.8          | 2.9          | 3.2          | 3.5          |
| Other operating expenses                                  | 5.0          | 4.5          | 4.5          | 7.1          | 8.6          | 9.5          | 10.1         |
| Unusual or infrequent items                               | 0.9          | -1.2         | 0.2          | -0.2         | 0.0          | 0.0          | 0.0          |
| <b>EBITDA</b>   | <b>24.9</b>  | <b>26.6</b>  | <b>32.0</b>  | <b>43.1</b>  | <b>43.1</b>  | <b>48.1</b>  | <b>53.9</b>  |
| Depreciation  | 8.7          | 8.6          | 8.6          | 11.1         | 11.1         | 11.1         | 11.1         |
| <b>EBITA</b>  | <b>16.1</b>  | <b>18.0</b>  | <b>23.4</b>  | <b>32.1</b>  | <b>32.1</b>  | <b>37.0</b>  | <b>42.9</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>16.1</b>  | <b>18.0</b>  | <b>23.4</b>  | <b>32.1</b>  | <b>32.1</b>  | <b>37.0</b>  | <b>42.9</b>  |
| Interest income   | 0.4          | 0.3          | 0.2          | 0.3          | 0.3          | 0.3          | 0.3          |
| Interest expenses   | 1.2          | 0.9          | 0.7          | 1.1          | 1.1          | 1.1          | 1.1          |
| Other financial result                                    | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| Financial result  | -0.7         | -0.6         | -0.5         | -0.8         | -0.8         | -0.8         | -0.8         |
| <b>Recurring pretax income from continuing operations</b> | <b>15.4</b>  | <b>17.3</b>  | <b>22.9</b>  | <b>31.2</b>  | <b>31.3</b>  | <b>36.2</b>  | <b>42.0</b>  |
| Extraordinary income/loss                                 | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| <b>Earnings before taxes</b>                              | <b>15.4</b>  | <b>17.3</b>  | <b>22.9</b>  | <b>31.2</b>  | <b>31.3</b>  | <b>36.2</b>  | <b>42.0</b>  |
| Taxes   | 5.0          | 5.3          | 6.0          | 8.8          | 8.8          | 10.2         | 11.8         |
| <b>Net income from continuing operations</b>              | <b>10.4</b>  | <b>12.0</b>  | <b>16.9</b>  | <b>22.5</b>  | <b>22.5</b>  | <b>26.0</b>  | <b>30.2</b>  |
| Result from discontinued operations (net of tax)          | -0.7         | 3.1          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| <b>Net income</b>   | <b>9.8</b>   | <b>15.1</b>  | <b>16.9</b>  | <b>22.5</b>  | <b>22.5</b>  | <b>26.0</b>  | <b>30.2</b>  |
| Minority interest   | 0.2          | 0.4          | 0.8          | 0.5          | 0.5          | 0.5          | 0.5          |
| <b>Net profit (reported)</b>                              | <b>9.5</b>   | <b>14.7</b>  | <b>16.1</b>  | <b>22.0</b>  | <b>22.0</b>  | <b>25.6</b>  | <b>29.8</b>  |
| Average number of shares                                  | 5.3          | 5.3          | 5.2          | 20.5         | 20.5         | 20.5         | 20.5         |
| <b>EPS reported</b>                                       | <b>1.81</b>  | <b>2.78</b>  | <b>3.12</b>  | <b>1.07</b>  | <b>1.07</b>  | <b>1.25</b>  | <b>1.45</b>  |

| Profit and loss (common size)                             | 2016           | 2017           | 2018           | 2019           | 2020E          | 2021E          | 2022E          |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <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   | 50.3 %         | 53.9 %         | 55.9 %         | 51.2 %         | 50.8 %         | 50.0 %         | 49.0 %         |
| <b>Gross profit</b>                                       | <b>49.7 %</b>  | <b>46.1 %</b>  | <b>44.1 %</b>  | <b>48.8 %</b>  | <b>49.2 %</b>  | <b>50.0 %</b>  | <b>51.0 %</b>  |
| Sales and marketing                                       | 15.1 %         | 14.4 %         | 13.8 %         | 12.8 %         | 12.8 %         | 12.8 %         | 12.8 %         |
| General and administration                                | 20.6 %         | 17.3 %         | 15.9 %         | 15.4 %         | 15.4 %         | 15.4 %         | 15.4 %         |
| Research and development                                  | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          |
| Other operating income                                    | 2.9 %          | 2.7 %          | 2.1 %          | 1.6 %          | 1.6 %          | 1.6 %          | 1.6 %          |
| Other operating expenses                                  | 4.2 %          | 3.2 %          | 2.6 %          | 4.0 %          | 4.8 %          | 4.8 %          | 4.6 %          |
| Unusual or infrequent items                               | 0.7 %          | neg.           | 0.1 %          | neg.           | 0.0 %          | 0.0 %          | 0.0 %          |
| <b>EBITDA</b>   | <b>20.8 %</b>  | <b>19.2 %</b>  | <b>18.9 %</b>  | <b>24.2 %</b>  | <b>23.9 %</b>  | <b>24.1 %</b>  | <b>24.8 %</b>  |
| Depreciation  | 7.3 %          | 6.2 %          | 5.1 %          | 6.2 %          | 6.1 %          | 5.5 %          | 5.1 %          |
| <b>EBITA</b>  | <b>13.5 %</b>  | <b>13.0 %</b>  | <b>13.9 %</b>  | <b>18.0 %</b>  | <b>17.7 %</b>  | <b>18.5 %</b>  | <b>19.7 %</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>13.5 %</b>  | <b>13.0 %</b>  | <b>13.9 %</b>  | <b>18.0 %</b>  | <b>17.7 %</b>  | <b>18.5 %</b>  | <b>19.7 %</b>  |
| Interest income   | 0.4 %          | 0.2 %          | 0.1 %          | 0.2 %          | 0.2 %          | 0.1 %          | 0.1 %          |
| Interest expenses   | 1.0 %          | 0.6 %          | 0.4 %          | 0.6 %          | 0.6 %          | 0.5 %          | 0.5 %          |
| 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>12.9 %</b>  | <b>12.5 %</b>  | <b>13.6 %</b>  | <b>17.5 %</b>  | <b>17.3 %</b>  | <b>18.1 %</b>  | <b>19.3 %</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>12.5 %</b>  | <b>13.6 %</b>  | <b>17.5 %</b>  | <b>17.3 %</b>  | <b>18.1 %</b>  | <b>19.3 %</b>  |
| Tax rate  | 32.2 %         | 30.7 %         | 26.2 %         | 28.1 %         | 28.1 %         | 28.1 %         | 28.1 %         |
| <b>Net income from continuing operations</b>              | <b>8.7 %</b>   | <b>8.7 %</b>   | <b>10.0 %</b>  | <b>12.6 %</b>  | <b>12.4 %</b>  | <b>13.0 %</b>  | <b>13.9 %</b>  |
| Result from discontinued operations (net of tax)          | -0.6 %         | 2.2 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          |
| <b>Net income</b>   | <b>8.2 %</b>   | <b>10.9 %</b>  | <b>10.0 %</b>  | <b>12.6 %</b>  | <b>12.4 %</b>  | <b>13.0 %</b>  | <b>13.9 %</b>  |
| Minority interest   | 0.2 %          | 0.3 %          | 0.4 %          | 0.3 %          | 0.3 %          | 0.2 %          | 0.2 %          |
| <b>Net profit (reported)</b>                              | <b>8.0 %</b>   | <b>10.6 %</b>  | <b>9.6 %</b>   | <b>12.3 %</b>  | <b>12.2 %</b>  | <b>12.8 %</b>  | <b>13.7 %</b>  |

Source: Company data, Hauck & Aufhäuser

| Balance sheet (EUR m)                                     | 2016         | 2017         | 2018         | 2019         | 2020E        | 2021E        | 2022E        |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Intangible assets</b>                                  | <b>53.0</b>  | <b>51.4</b>  | <b>52.5</b>  | <b>51.9</b>  | <b>51.9</b>  | <b>51.9</b>  | <b>51.9</b>  |
| Property, plant and equipment                             | 37.8         | 33.8         | 36.9         | 40.0         | 36.2         | 40.1         | 36.3         |
| Financial assets  | 2.9          | 3.2          | 3.5          | 5.2          | 8.4          | 8.4          | 8.4          |
| <b>FIXED ASSETS</b>                                       | <b>93.7</b>  | <b>88.5</b>  | <b>93.0</b>  | <b>97.1</b>  | <b>96.5</b>  | <b>100.4</b> | <b>96.6</b>  |
| Inventories   | 25.1         | 26.8         | 28.8         | 31.2         | 36.9         | 40.7         | 41.9         |
| Accounts receivable                                       | 23.2         | 24.3         | 28.3         | 29.5         | 31.7         | 35.0         | 38.2         |
| Other current assets                                      | 11.9         | 10.9         | 14.9         | 26.6         | 26.6         | 26.6         | 26.6         |
| Liquid assets   | 36.6         | 57.7         | 54.2         | 78.9         | 88.6         | 96.8         | 118.4        |
| Deferred taxes  | 9.0          | 8.8          | 9.9          | 10.9         | 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>105.8</b> | <b>128.5</b> | <b>136.1</b> | <b>177.1</b> | <b>183.8</b> | <b>199.1</b> | <b>225.1</b> |
| <b>TOTAL ASSETS</b>                                       | <b>199.5</b> | <b>217.0</b> | <b>229.1</b> | <b>274.2</b> | <b>280.3</b> | <b>299.5</b> | <b>321.7</b> |
| <b>SHAREHOLDERS EQUITY</b>                                | <b>105.2</b> | <b>112.3</b> | <b>122.6</b> | <b>138.2</b> | <b>149.7</b> | <b>167.2</b> | <b>188.9</b> |
| MINORITY INTEREST   | 4.9          | 5.2          | 1.2          | 1.2          | 1.2          | 1.2          | 0.0          |
| Long-term debt  | 4.1          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| Provisions for pensions and similar obligations           | 11.8         | 11.7         | 11.4         | 13.5         | 13.5         | 13.5         | 13.5         |
| Other provisions  | 35.3         | 48.7         | 55.1         | 66.4         | 61.9         | 63.2         | 64.4         |
| <b>Non-current liabilities</b>                            | <b>51.2</b>  | <b>60.4</b>  | <b>66.5</b>  | <b>79.9</b>  | <b>75.4</b>  | <b>76.7</b>  | <b>77.9</b>  |
| short-term liabilities to banks                           | 7.5          | 1.7          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| Accounts payable  | 6.4          | 4.5          | 6.5          | 4.5          | 6.3          | 6.8          | 7.3          |
| Advance payments received on orders                       | 1.4          | 5.9          | 4.1          | 12.0         | 12.0         | 12.0         | 12.0         |
| Other liabilities (incl. from lease and rental contracts) | 15.6         | 17.3         | 17.4         | 35.6         | 35.6         | 35.6         | 35.6         |
| Deferred taxes  | 5.6          | 6.4          | 7.1          | 2.8          | 0.0          | 0.0          | 0.0          |
| Deferred income   | 1.7          | 3.3          | 3.6          | 0.0          | 0.0          | 0.0          | 0.0          |
| <b>Current liabilities</b>                                | <b>38.2</b>  | <b>39.1</b>  | <b>38.8</b>  | <b>54.9</b>  | <b>53.9</b>  | <b>54.4</b>  | <b>54.9</b>  |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>          | <b>199.5</b> | <b>217.0</b> | <b>229.1</b> | <b>274.2</b> | <b>280.3</b> | <b>299.5</b> | <b>321.7</b> |

| Balance sheet (common size)                               | 2016           | 2017           | 2018           | 2019           | 2020E          | 2021E          | 2022E          |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Intangible assets</b>                                  | <b>26.6 %</b>  | <b>23.7 %</b>  | <b>22.9 %</b>  | <b>18.9 %</b>  | <b>18.5 %</b>  | <b>17.3 %</b>  | <b>16.1 %</b>  |
| Property, plant and equipment                             | 19.0 %         | 15.6 %         | 16.1 %         | 14.6 %         | 12.9 %         | 13.4 %         | 11.3 %         |
| Financial assets  | 1.4 %          | 1.5 %          | 1.5 %          | 1.9 %          | 3.0 %          | 2.8 %          | 2.6 %          |
| <b>FIXED ASSETS</b>                                       | <b>47.0 %</b>  | <b>40.8 %</b>  | <b>40.6 %</b>  | <b>35.4 %</b>  | <b>34.4 %</b>  | <b>33.5 %</b>  | <b>30.0 %</b>  |
| Inventories   | 12.6 %         | 12.3 %         | 12.6 %         | 11.4 %         | 13.2 %         | 13.6 %         | 13.0 %         |
| Accounts receivable                                       | 11.6 %         | 11.2 %         | 12.4 %         | 10.8 %         | 11.3 %         | 11.7 %         | 11.9 %         |
| Other current assets                                      | 6.0 %          | 5.0 %          | 6.5 %          | 9.7 %          | 9.5 %          | 8.9 %          | 8.3 %          |
| Liquid assets   | 18.3 %         | 26.6 %         | 23.7 %         | 28.8 %         | 31.6 %         | 32.3 %         | 36.8 %         |
| Deferred taxes  | 4.5 %          | 4.1 %          | 4.3 %          | 4.0 %          | 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>53.0 %</b>  | <b>59.2 %</b>  | <b>59.4 %</b>  | <b>64.6 %</b>  | <b>65.6 %</b>  | <b>66.5 %</b>  | <b>70.0 %</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> |
| <b>SHAREHOLDERS EQUITY</b>                                | <b>52.7 %</b>  | <b>51.8 %</b>  | <b>53.5 %</b>  | <b>50.4 %</b>  | <b>53.4 %</b>  | <b>55.8 %</b>  | <b>58.7 %</b>  |
| MINORITY INTEREST   | 2.5 %          | 2.4 %          | 0.5 %          | 0.5 %          | 0.4 %          | 0.4 %          | 0.0 %          |
| Long-term debt  | 2.1 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          |
| Provisions for pensions and similar obligations           | 5.9 %          | 5.4 %          | 5.0 %          | 4.9 %          | 4.8 %          | 4.5 %          | 4.2 %          |
| Other provisions  | 17.7 %         | 22.4 %         | 24.0 %         | 24.2 %         | 22.1 %         | 21.1 %         | 20.0 %         |
| <b>Non-current liabilities</b>                            | <b>25.7 %</b>  | <b>27.8 %</b>  | <b>29.0 %</b>  | <b>29.1 %</b>  | <b>26.9 %</b>  | <b>25.6 %</b>  | <b>24.2 %</b>  |
| short-term liabilities to banks                           | 3.8 %          | 0.8 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          |
| Accounts payable  | 3.2 %          | 2.1 %          | 2.8 %          | 1.6 %          | 2.2 %          | 2.3 %          | 2.3 %          |
| Advance payments received on orders                       | 0.7 %          | 2.7 %          | 1.8 %          | 4.4 %          | 4.3 %          | 4.0 %          | 3.7 %          |
| Other liabilities (incl. from lease and rental contracts) | 7.8 %          | 8.0 %          | 7.6 %          | 13.0 %         | 12.7 %         | 11.9 %         | 11.1 %         |
| Deferred taxes  | 2.8 %          | 3.0 %          | 3.1 %          | 1.0 %          | 0.0 %          | 0.0 %          | 0.0 %          |
| Deferred income   | 0.8 %          | 1.5 %          | 1.6 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          |
| <b>Current liabilities</b>                                | <b>19.1 %</b>  | <b>18.0 %</b>  | <b>16.9 %</b>  | <b>20.0 %</b>  | <b>19.2 %</b>  | <b>18.2 %</b>  | <b>17.1 %</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)                          | 2016        | 2017         | 2018         | 2019         | 2020E        | 2021E        | 2022E        |
|--|-------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net profit/loss                                      | 9.8         | 15.1         | 16.9         | 22.5         | 22.5         | 26.0         | 30.2         |
| Depreciation of fixed assets (incl. leases)          | 8.7         | 8.6          | 8.6          | 11.1         | 11.1         | 11.1         | 11.1         |
| 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   | -0.8        | 5.5          | 2.8          | 10.6         | 0.0          | 0.0          | 0.0          |
| Cash flow from operations before changes in w/c      | 17.7        | 29.3         | 28.2         | 44.1         | 33.6         | 37.1         | 41.3         |
| Increase/decrease in inventory                       | 0.3         | -1.7         | 0.7          | -2.2         | -5.7         | -3.8         | -1.1         |
| Increase/decrease in accounts receivable             | 2.0         | -1.1         | -4.0         | -1.2         | -2.2         | -3.3         | -3.2         |
| Increase/decrease in accounts payable                | 0.1         | -1.9         | 2.0          | -0.4         | 1.8          | 0.5          | 0.5          |
| Increase/decrease in other working capital positions | 0.2         | 2.2          | -5.7         | 0.0          | 0.0          | 0.0          | 0.0          |
| Increase/decrease in working capital                 | 2.6         | -2.5         | -7.0         | -3.7         | -6.1         | -6.6         | -3.9         |
| <b>Cash flow from operating activities</b>           | <b>20.3</b> | <b>26.8</b>  | <b>21.2</b>  | <b>40.4</b>  | <b>27.4</b>  | <b>30.6</b>  | <b>37.5</b>  |
| CAPEX  | 5.3         | 4.2          | 6.1          | 7.3          | 7.3          | 15.0         | 7.3          |
| Payments for acquisitions                            | 0.2         | 5.5          | 2.1          | 0.9          | 0.0          | 0.0          | 0.0          |
| Financial investments                                | 0.0         | 0.5          | 0.0          | 0.0          | 3.2          | 0.0          | 0.0          |
| Income from asset disposals                          | 0.0         | 15.2         | -2.5         | 2.5          | 0.0          | 0.0          | 0.0          |
| <b>Cash flow from investing activities</b>           | <b>-5.5</b> | <b>5.1</b>   | <b>-10.7</b> | <b>-5.7</b>  | <b>-10.5</b> | <b>-15.0</b> | <b>-7.3</b>  |
| Cash flow before financing                           | 14.8        | 31.9         | 10.5         | 34.7         | 17.0         | 15.6         | 30.2         |
| Increase/decrease in debt position                   | -3.9        | -5.3         | -1.7         | -2.7         | 0.0          | 0.0          | 0.0          |
| Purchase of own shares                               | 0.0         | 0.0          | 8.6          | 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         | 3.5          | 4.1          | 6.2          | 7.3          | 7.3          | 8.5          |
| Others   | -2.5        | -1.2         | -0.2         | -1.7         | 0.0          | 0.0          | 0.0          |
| Effects of exchange rate changes on cash             | 0.3         | -0.8         | 0.6          | 0.5          | 0.0          | 0.0          | 0.0          |
| <b>Cash flow from financing activities</b>           | <b>-9.5</b> | <b>-10.0</b> | <b>-14.6</b> | <b>-10.5</b> | <b>-7.3</b>  | <b>-7.3</b>  | <b>-8.5</b>  |
| Increase/decrease in liquid assets                   | 5.6         | 21.1         | -3.5         | 24.7         | 9.7          | 8.2          | 21.6         |
| <b>Liquid assets at end of period</b>                | <b>37.0</b> | <b>57.7</b>  | <b>54.2</b>  | <b>78.9</b>  | <b>88.6</b>  | <b>96.8</b>  | <b>118.4</b> |

Source: Company data, Hauck & Aufhäuser

| Regional split (EUR m) | 2016         | 2017         | 2018         | 2019         | 2020E        | 2021E        | 2022E        |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 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         | 74.5         | 84.9         | 96.8         | 110.4        | 125.9        | 143.5        | 163.6        |
| yoy change             | 3.5 %        | 14.0 %       | 14.0 %       | 14.0 %       | 14.0 %       | 14.0 %       | 14.0 %       |
| NAFTA                  | 46.1         | 53.0         | 60.9         | 70.1         | 80.6         | 92.7         | 106.6        |
| yoy change             | 3.5 %        | 15.0 %       | 15.0 %       | 15.0 %       | 15.0 %       | 15.0 %       | 15.0 %       |
| Asia Pacific           | 14.0         | 15.8         | 17.9         | 20.2         | 22.9         | 25.8         | 29.2         |
| yoy change             | 8.0 %        | 13.0 %       | 13.0 %       | 13.0 %       | 13.0 %       | 13.0 %       | 13.0 %       |
| Rest of world          | -14.7        | -15.1        | -7.0         | -22.2        | -48.4        | -62.3        | -81.5        |
| yoy change             | neg.         | neg.         | neg.         | neg.         | neg.         | neg.         | neg.         |
| <b>TTL</b>             | <b>119.9</b> | <b>138.6</b> | <b>168.7</b> | <b>178.5</b> | <b>180.9</b> | <b>199.6</b> | <b>217.8</b> |
| yoy change             | -14.2 %      | 15.7 %       | 21.7 %       | 5.8 %        | 1.3 %        | 10.4 %       | 9.1 %        |

Source: Company data, Hauck & Aufhäuser

| Key ratios (EUR m)                   | 2016    | 2017    | 2018   | 2019     | 2020E    | 2021E    | 2022E    |
|--------------------------------------|---------|---------|--------|----------|----------|----------|----------|
| <b>P&amp;L growth analysis</b>       |         |         |        |          |          |          |          |
| Sales growth                         | -14.2 % | 15.7 %  | 21.7 % | 5.8 %    | 1.3 %    | 10.4 %   | 9.1 %    |
| EBITDA growth                        | -7.6 %  | 7.0 %   | 20.1 % | 35.0 %   | 0.0 %    | 11.5 %   | 12.1 %   |
| EBIT growth                          | -11.2 % | 11.4 %  | 30.1 % | 37.1 %   | 0.0 %    | 15.4 %   | 15.8 %   |
| EPS growth                           | -10.5 % | 53.9 %  | 12.3 % | -65.6 %  | 0.0 %    | 16.1 %   | 16.4 %   |
| <b>Efficiency</b>                    |         |         |        |          |          |          |          |
| Total operating costs / sales        | 37.0 %  | 32.2 %  | 30.3 % | 30.7 %   | 31.5 %   | 31.5 %   | 31.3 %   |
| 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         | 32.9 %  | 29.3 %  | 25.8 % | 25.4 %   | 26.2 %   | 26.9 %   | 27.0 %   |
| Inventory turnover (sales/inventory) | 4.8     | 5.2     | 5.2    | 5.2      | 4.9      | 4.9      | 5.2      |
| Trade debtors in days of sales       | 70.7    | 64.0    | 64.0   | 64.0     | 64.0     | 64.0     | 64.0     |
| A/P turnover [(A/P*365)/sales]       | 38.7    | 22.0    | 25.0   | 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                       | 15.0    | 22.7    | 15.1   | 33.2     | 20.2     | 15.6     | 30.2     |
| Free cash flow/sales                 | 12.5 %  | 16.4 %  | 8.9 %  | 18.6 %   | 11.2 %   | 7.8 %    | 13.8 %   |
| FCF / net profit                     | 156.6 % | 154.2 % | 93.5 % | 150.7 %  | 91.7 %   | 60.8 %   | 101.3 %  |
| Capex / depre                        | 61.0 %  | 53.9 %  | 71.4 % | 65.5 %   | 94.4 %   | 135.4 %  | 65.9 %   |
| Capex / maintenance capex            | 67.8 %  | 48.1 %  | 75.2 % | 68.9 %   | 68.9 %   | 142.5 %  | 73.2 %   |
| Capex / sales                        | 4.4 %   | 3.4 %   | 3.6 %  | 4.1 %    | 5.8 %    | 7.5 %    | 3.4 %    |
| <b>Security</b>                      |         |         |        |          |          |          |          |
| Net debt                             | -24.9   | -56.0   | -54.1  | -78.9    | -88.5    | -96.8    | -118.4   |
| 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                       | 13.9    | 20.4    | 34.8   | 29.3     | 29.3     | 33.8     | 39.1     |
| Dividend payout ratio                | 37.4 %  | 27.9 %  | 38.4 % | 33.0 %   | 33.3 %   | 33.3 %   | 33.3 %   |
| <b>Asset utilisation</b>             |         |         |        |          |          |          |          |
| Capital employed turnover            | 0.9     | 1.1     | 1.2    | 1.2      | 1.3      | 1.3      | 0.8      |
| Operating assets turnover            | 1.5     | 1.9     | 2.0    | 2.1      | 2.1      | 2.1      | 2.2      |
| Plant turnover                       | 3.2     | 4.1     | 4.6    | 4.5      | 5.0      | 5.0      | 6.0      |
| Inventory turnover (sales/inventory) | 4.8     | 5.2     | 5.2    | 5.2      | 4.9      | 4.9      | 5.2      |
| <b>Returns</b>                       |         |         |        |          |          |          |          |
| ROCE                                 | 12.0 %  | 13.8 %  | 17.6 % | 22.5 %   | 22.3 %   | 25.0 %   | 20.4 %   |
| ROE                                  | 9.1 %   | 13.1 %  | 13.2 % | 15.9 %   | 14.7 %   | 15.3 %   | 15.8 %   |
| <b>Other</b>                         |         |         |        |          |          |          |          |
| Interest paid / avg. debt            | 8.6 %   | 13.2 %  | 73.9 % | 1809.9 % | 3128.6 % | 3128.6 % | 3128.6 % |
| No. employees (average)              | 0       | 0       | 0      | 0        | 0        | 0        | 0        |
| Number of shares                     | 5.3     | 5.3     | 5.2    | 20.5     | 20.5     | 20.5     | 20.5     |
| DPS                                  | 0.7     | 0.8     | 1.2    | 0.4      | 0.4      | 0.4      | 0.5      |
| EPS reported                         | 1.81    | 2.78    | 3.12   | 1.07     | 1.07     | 1.25     | 1.45     |
| <b>Valuation ratios</b>              |         |         |        |          |          |          |          |
| P/BV                                 | 2.0     | 1.9     | 1.7    | 5.9      | 5.4      | 4.8      | 4.3      |
| EV/sales                             | 1.6     | 1.1     | 1.0    | 4.2      | 4.1      | 3.6      | 3.2      |
| EV/EBITDA                            | 7.6     | 5.9     | 5.0    | 17.2     | 17.0     | 15.1     | 13.1     |
| EV/EBITA                             | 11.7    | 8.8     | 6.9    | 23.2     | 22.9     | 19.6     | 16.4     |
| EV/EBIT                              | 11.7    | 8.8     | 6.9    | 23.2     | 22.9     | 19.6     | 16.4     |
| EV/FCF                               | 12.6    | 7.0     | 10.7   | 22.4     | 36.3     | 46.7     | 23.3     |
| Adjusted FCF yield                   | 6.4 %   | 7.8 %   | 10.9 % | 3.1 %    | 3.2 %    | 3.7 %    | 4.5 %    |
| Dividend yield                       | 1.7 %   | 2.0 %   | 3.0 %  | 0.9 %    | 0.9 %    | 1.1 %    | 1.2 %    |

Source: Company data, Hauck & Aufhäuser

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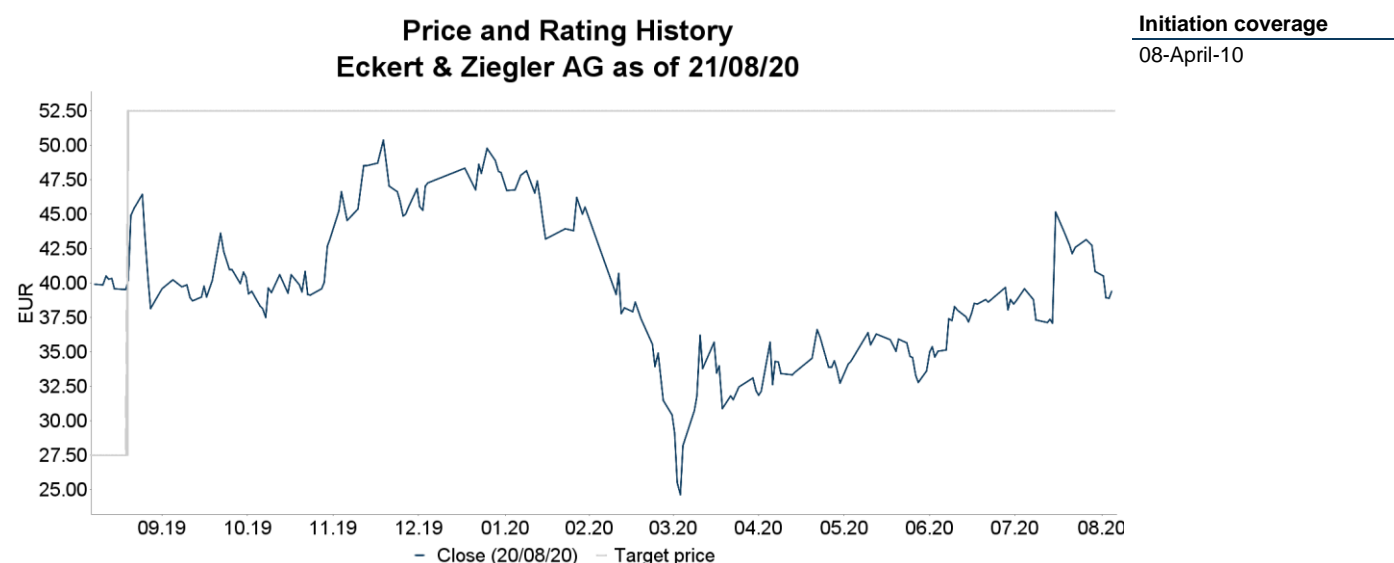
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| Company             | Disclosure |
|---------------------|------------|
| Eckert & Ziegler AG | 2          |

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



| Company             | Date       | Analyst             | Rating | Target price | Close     |
|---------------------|------------|---------------------|--------|--------------|-----------|
| Eckert & Ziegler AG | 28.07.2020 | Halitsa, Aliaksandr | Buy    | EUR 52,50    | EUR 37,13 |
|                     | 02.07.2020 | Halitsa, Aliaksandr | Buy    | EUR 52,50    | EUR 38,50 |
|                     | 24.06.2020 | Halitsa, Aliaksandr | Buy    | EUR 52,50    | EUR 37,28 |
|                     | 15.06.2020 | Halitsa, Aliaksandr | Buy    | EUR 52,50    | EUR 33,58 |
|                     | 13.05.2020 | Halitsa, Aliaksandr | Buy    | EUR 52,50    | EUR 34,33 |

|            |                     |     |           |           |
|------------|---------------------|-----|-----------|-----------|
| 06.04.2020 | Halitsa, Aliaksandr | Buy | EUR 52,50 | EUR 31,80 |
| 17.02.2020 | Halitsa, Aliaksandr | Buy | EUR 52,50 | EUR 45,50 |
| 19.12.2019 | Halitsa, Aliaksandr | Buy | EUR 52,50 | EUR 47,00 |
| 08.10.2019 | Halitsa, Aliaksandr | Buy | EUR 52,50 | EUR 42,25 |
| 05.09.2019 | Halitsa, Aliaksandr | Buy | EUR 52,50 | EUR 44,90 |

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|-------------|---------|---------|
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The determination of the fair value per share, i.e. the price target, and the resultant rating is done on the basis of the adjusted free cash flow (adj. FCF) method and on the basis of the discounted cash flow – DCF model. Furthermore, a peer group comparison is made.

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.

Within the framework of the DCF approach, the future free cash flows are calculated initially on the basis of a fictitious capital structure of 100% equity, i.e. interest and repayments on debt capital are not factored in initially. The adjustment towards the actual capital structure is done by discounting the calculated free cash flows with the weighted average cost of capital (WACC), which takes into account both the cost of equity capital and the cost of debt. After discounting, the calculated total enterprise value is reduced by the interest-bearing debt capital in order to arrive at the equity value.

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