

**Buy** (old: Buy)

**Price target: EUR 70.00** (old: EUR 70.00)

<b>Price:</b>	EUR 54.20	<b>Next result:</b>	tbd
<b>Bloomberg:</b>	EUZ GR	<b>Market cap:</b>	EUR 1,042.0 m
<b>Reuters:</b>	EUZG.DE	<b>Enterprise Value:</b>	EUR 966.1 m

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## Cementing its position in the radiopharma value chain

**Topic:** EUZ announced to build a **cGMP facility in the US dedicated to contract manufacturing of radiopharmaceuticals**, in addition to the one it already operates in Germany. This will enable EUZ to **better serve the rapidly growing market for radiopharmaceuticals** by providing development and contract manufacturing services for pharma companies looking to bring their innovative therapies to the market.

**Why is it important? Targeted radiotherapies** – a new class of drugs containing radioisotopes that are able to selectively destroy tumors while sparing healthy tissue – **hold tremendous untapped therapeutic and commercial potential**. They have already generated more than \$ 10bn in recent M&A, financings, and product launches AND are expected to account for **70% of the \$ 30bn nuclear medicine market by 2030**.

**The caveat: Traditional life science and pharma companies have no expertise when it comes to handling isotopes** as this is a very know-how intensive and highly regulated area.

Thanks to its decades-long expertise in the area of radiation, **EUZ offers products and services spanning across development, approval and large-scale manufacturing** of radiopharmaceuticals and hence is well positioned to benefit from the market growth.

For instance, in 2018, **Bayer contracted EUZ to set up the infrastructure** for handling, manufacture and distribution of so-called targeted thorium conjugates (TTCs) for the purpose of clinical trials in Europe. **TTC is a platform for development of targeted radiotherapies** for various hard-to-treat cancers (*next page*).

Here, **EUZ provides labeling, quality control and logistic services** for three early stage clinical assets from Bayer (Phase I-III: 3-4 years) and could be in charge of commercial supply upon the market launch.

In light of significantly increased interest in this space (*next page*), not only the **demand for isotopes** (e.g. Ga-68, Y-90, Lu-177) **is seen to skyrocket**, but also a **range of highly specialized services** – like isotope handling, testing and manufacturing of radiopharmaceuticals – **are getting increasingly sought after**.

This is why the ongoing expansion of the regional footprint is an important strategic decision **solidifying EUZ's positioning at the heart of the radiopharma value chain**.

**BUY** with an unchanged **PT of € 70** based on DCF. **Added to H&A Alpha list**.

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	1.3 %	1.6 %	2.4 %	0.7 %	0.7 %	0.8 %	1.0 %
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	2.1	1.6	1.3	5.5	5.4	4.9	4.3
EV/EBITDA	10.0	8.1	6.9	22.6	22.4	19.9	17.4
EV/EBIT	15.3	12.0	9.4	30.5	30.1	25.9	21.8
PER	26.3	18.1	13.1	44.9	43.9	37.5	31.4
Adjusted FCF yield	4.9 %	5.7 %	7.9 %	2.4 %	2.4 %	2.8 %	3.4 %

Source: Company data, Hauck & Aufhäuser Close price as of: 28.01.2021



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 55.30 / 24.60

**Price/Book Ratio:** 7.3

**Relative performance (SDAX):**

3 months -0.7 %

6 months 16.6 %

12 months -10.4 %

### Changes in estimates

		Sales	EBIT	EPS
2020	old:	178.4	32.1	1.07
	Δ	-	-	-
2021	old:	197.1	37.0	1.25
	Δ	-	-	-
2022	old:	215.3	42.9	1.45
	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 %

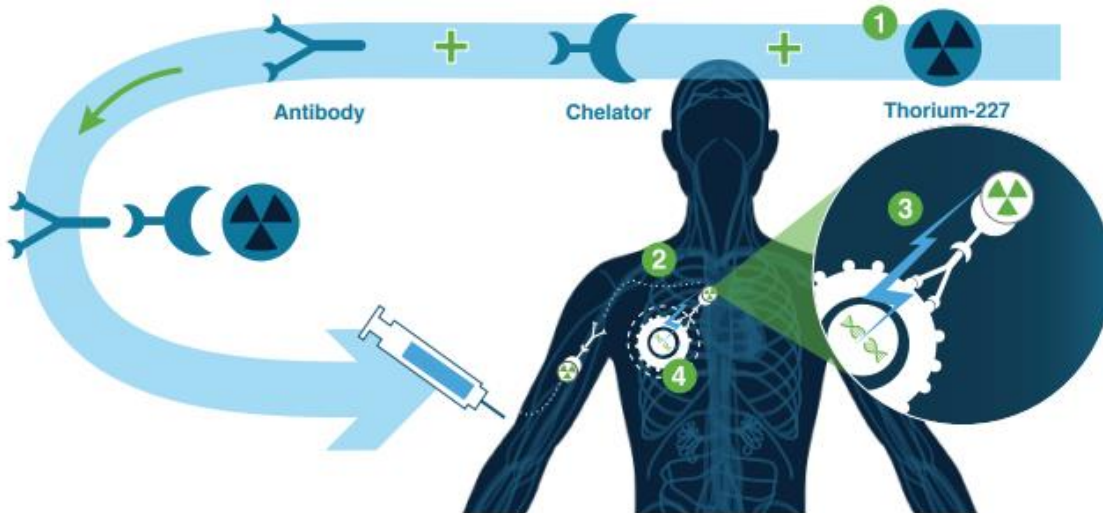
Founders 32.2 %

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.

TTCs: Delivering radiation selectively to cancer cells



- 1 Thorium-227 is a powerful radionuclide that releases energy-rich alpha radiation. When bound via a chelator to a tumor-targeting molecule, such as an antibody, **Thorium-227 can be carried directly to the tumor.**<sup>1</sup>
- 2 After injection, the tumor-targeting molecule **recognizes and binds to specific proteins on the surface of tumor cells.** The TTC accumulates at the tumor.<sup>2</sup>
- 3 Alpha particles from the decay of Thorium-227 **kill the tumor cells by inducing DNA double strand breaks which cannot be easily repaired.**<sup>2,3</sup>
- 4 As alpha particles only penetrate two to ten cell layers, **limited damage is caused to the surrounding tissue.** TTCs therefore allow for **highly-targeted tumor damage.**<sup>4</sup>

Source: Bayer; H&A

Selected companies pursuing radiopharmaceuticals



Source: 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>178.4</b>	<b>197.1</b>	<b>215.3</b>
Sales growth	-14.2 %	15.7 %	21.7 %	5.8 %	-0.1 %	10.5 %	9.2 %
Cost of sales	60.3	74.8	94.4	91.5	90.6	98.6	105.5
<b>Gross profit</b>	<b>59.6</b>	<b>63.9</b>	<b>74.3</b>	<b>87.0</b>	<b>87.8</b>	<b>98.6</b>	<b>109.8</b>
Sales and marketing	18.1	20.0	23.3	22.9	22.9	25.3	27.7
General and administration	24.7	23.9	26.9	27.6	27.6	30.4	33.3
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	2.8	3.1	3.4
Other operating expenses	5.0	4.5	4.5	7.1	8.0	8.9	9.5
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>43.2</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>22.1</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 %	4.5 %	4.5 %	4.4 %
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>24.2 %</b>	<b>24.4 %</b>	<b>25.0 %</b>
Depreciation	7.3 %	6.2 %	5.1 %	6.2 %	6.2 %	5.6 %	5.1 %
<b>EBITA</b>	<b>13.5 %</b>	<b>13.0 %</b>	<b>13.9 %</b>	<b>18.0 %</b>	<b>18.0 %</b>	<b>18.8 %</b>	<b>19.9 %</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>13.5 %</b>	<b>13.0 %</b>	<b>13.9 %</b>	<b>18.0 %</b>	<b>18.0 %</b>	<b>18.8 %</b>	<b>19.9 %</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 %	0.6 %	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>17.5 %</b>	<b>18.4 %</b>	<b>19.5 %</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>12.5 %</b>	<b>13.6 %</b>	<b>17.5 %</b>	<b>17.5 %</b>	<b>18.4 %</b>	<b>19.5 %</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>12.6 %</b>	<b>13.2 %</b>	<b>14.0 %</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>12.6 %</b>	<b>13.2 %</b>	<b>14.0 %</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>12.4 %</b>	<b>13.0 %</b>	<b>13.8 %</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	36.4	40.2	41.4
Accounts receivable	23.2	24.3	28.3	29.5	31.3	34.6	37.7
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	89.5	97.7	119.3
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>183.7</b>	<b>199.1</b>	<b>225.0</b>
<b>TOTAL ASSETS</b>	<b>199.5</b>	<b>217.0</b>	<b>229.1</b>	<b>274.2</b>	<b>280.2</b>	<b>299.5</b>	<b>321.6</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	6.2	6.8	7.2
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>53.8</b>	<b>54.3</b>	<b>54.8</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>280.2</b>	<b>299.5</b>	<b>321.6</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 %	13.0 %	13.4 %	12.9 %
Accounts receivable	11.6 %	11.2 %	12.4 %	10.8 %	11.2 %	11.5 %	11.7 %
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 %	31.9 %	32.6 %	37.1 %
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 %	2.2 %
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>18.1 %</b>	<b>17.0 %</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	-5.2	-3.8	-1.2
Increase/decrease in accounts receivable	2.0	-1.1	-4.0	-1.2	-1.8	-3.3	-3.2
Increase/decrease in accounts payable	0.1	-1.9	2.0	-0.4	1.7	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	-5.3	-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>28.3</b>	<b>30.6</b>	<b>37.4</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	17.9	15.6	30.1
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	7.4	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>-7.4</b>	<b>-8.5</b>
Increase/decrease in liquid assets	5.6	21.1	-3.5	24.7	10.6	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>89.5</b>	<b>97.7</b>	<b>119.3</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	-50.9	-64.9	-84.0
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>178.4</b>	<b>197.1</b>	<b>215.3</b>
yoy change	-14.2 %	15.7 %	21.7 %	5.8 %	-0.1 %	10.5 %	9.2 %

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 %	-0.1 %	10.5 %	9.2 %
EBITDA growth	-7.6 %	7.0 %	20.1 %	35.0 %	0.1 %	11.4 %	12.1 %
EBIT growth	-11.2 %	11.4 %	30.1 %	37.1 %	0.1 %	15.3 %	15.8 %
EPS growth	-10.5 %	53.9 %	12.3 %	-65.6 %	0.1 %	16.0 %	16.4 %
<b>Efficiency</b>							
Total operating costs / sales	37.0 %	32.2 %	30.3 %	30.7 %	31.2 %	31.2 %	31.1 %
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 %	26.3 %	26.8 %	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	21.1	15.6	30.1
Free cash flow/sales	12.5 %	16.4 %	8.9 %	18.6 %	11.8 %	7.9 %	14.0 %
FCF / net profit	156.6 %	154.2 %	93.5 %	150.7 %	95.6 %	60.9 %	101.2 %
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 %	5.9 %	7.6 %	3.4 %
<b>Security</b>							
Net debt	-24.9	-56.0	-54.1	-78.9	-89.4	-97.6	-119.2
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	2.0	2.2
Plant turnover	3.2	4.1	4.6	4.5	4.9	4.9	5.9
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 %	22.4 %	25.2 %	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	2.6	2.4	2.1	7.5	7.0	6.2	5.5
EV/sales	2.1	1.6	1.3	5.5	5.4	4.9	4.3
EV/EBITDA	10.0	8.1	6.9	22.6	22.4	19.9	17.4
EV/EBITA	15.3	12.0	9.4	30.5	30.1	25.9	21.8
EV/EBIT	15.3	12.0	9.4	30.5	30.1	25.9	21.8
EV/FCF	16.5	9.5	14.5	29.4	45.8	61.5	31.1
Adjusted FCF yield	4.9 %	5.7 %	7.9 %	2.4 %	2.4 %	2.8 %	3.4 %
Dividend yield	1.3 %	1.6 %	2.4 %	0.7 %	0.7 %	0.8 %	1.0 %

Source: Company data, Hauck & Aufhäuser

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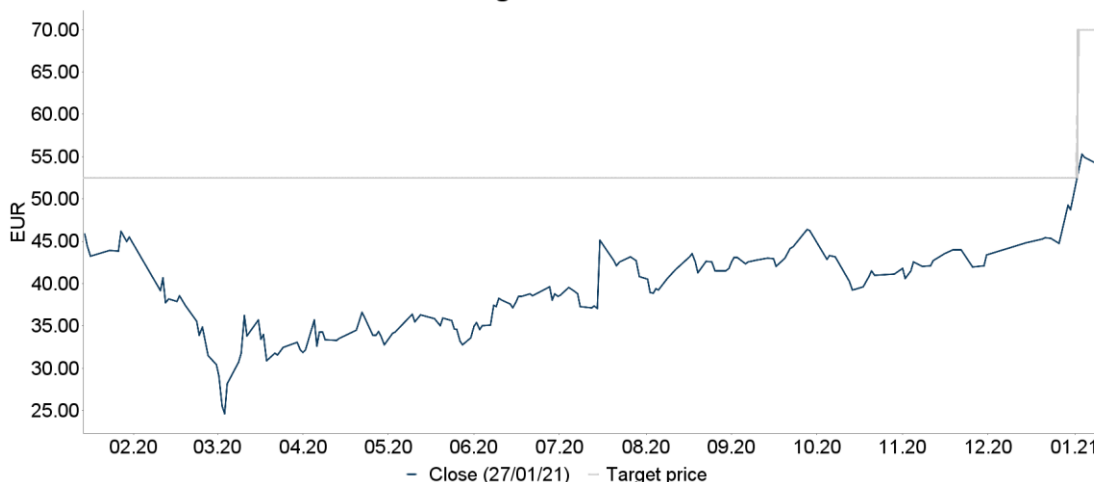
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Company	Disclosure
Eckert & Ziegler AG	2

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

**Price and Rating History  
Eckert & Ziegler AG as of 28/01/21**

**Initiation coverage**  
08-April-10



Company	Date	Analyst	Rating	Target price	Close
Eckert & Ziegler AG	19.01.2021	Halitsa, Aliaksandr	Buy	EUR 70,00	EUR 55,30
	26.10.2020	Halitsa, Aliaksandr	Buy	EUR 52,50	EUR 43,18
	12.10.2020	Halitsa, Aliaksandr	Buy	EUR 52,50	EUR 45,98
	24.08.2020	Halitsa, Aliaksandr	Buy	EUR 52,50	EUR 40,60
	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

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