



**Buy** (old: Buy)

**Price target: EUR 120.50** (old: EUR 120.50)

**Price:** EUR 95.35      **Next result:** Q2 12.08.2021  
**Bloomberg:** EUZ GR      **Market cap:** EUR 1,918.0 m  
**Reuters:** EUZG.DE      **Enterprise Value:** EUR 1,835.6 m

10-June-21

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### Radioligand therapies to open up a new era of solid tumor treatments

At this point, there's no doubt that the so-called **radioligand therapies (RLT)** – that use tumor specific markers (i.e. ligands) to guide radioactive isotopes (e.g. Lu-177 or Y-90) to the area of cancers – is a **revolutionary discovery** that is seen to **improve patient outcomes** across different types of tumors (*next page*).

- Following Lutathera's approval in 2018 for midgut neuroendocrine tumors (NETs) – which already generates c. € 500m annual sales – Novartis reported positive Phase 3 results with radioligand therapy for prostate cancer (177Lu-PSMA-617) with regulatory submission scheduled for H2 '21. Convinced by the benefits of the radioligand technology in oncology, **Novartis is making a strong commitment to this space**.

During the American Society of Clinical Oncology's Annual Meeting, Novartis was in the spotlight with prostate cancer treatment and the radioligand technology in general, which according to CEO **"will open up a whole new era of solid tumor treatments"**.

Through a number of licensing deals – including iTheranostics and Artios – **Novartis has built a broad portfolio of compounds** that should expand the radioligand concept into a range of other solid tumors. It is currently working on the next generation of RLT with **more than 15 active research programs**.

- **Bayer follows suit in harnessing radiation for cancer treatment**. With the recent acquisitions of Noria and PSMA Therapeutics, **Bayer broadened its existing oncology portfolio of targeted alpha therapies**, which also use tumor specific compounds to deliver radiation to the tumor site. This includes **targeted thorium conjugates** (*next page*) where EUZ provides the infrastructure for handling, manufacture and distribution of the TTCs for clinical trials.

Thanks to its broad expertise in supplying mission-critical isotopes for this type of cancer treatments, **EUZ is seen to strongly benefit from the market growth of 40% CAGR** from c. \$ 1bn in 2019 to > \$ 20bn in 2030E.

Furthermore, **EUZ is carrying a significant upside optionality** through its 83% stake in PentixaPharm who develops a highly promising RLT with therapeutic potential in a range of hematologic and solid cancers. In our view, **this could become a highly sought-after asset**, just like Lutathera or 177Lu-PSMA.

**BUY** with an unchanged of **PT € 120.5** pbased on SOTP.

| Y/E 31.12 (EUR m)   | 2017    | 2018    | 2019    | 2020    | 2021E   | 2022E   | 2023E   |
|---------------------|---------|---------|---------|---------|---------|---------|---------|
| Sales               | 138.6   | 168.7   | 178.5   | 176.1   | 183.6   | 226.3   | 281.3   |
| Sales growth        | 16 %    | 22 %    | 6 %     | -1 %    | 4 %     | 23 %    | 24 %    |
| EBITDA              | 26.6    | 32.0    | 43.1    | 44.8    | 50.5    | 66.6    | 90.5    |
| EBIT                | 18.0    | 23.4    | 32.1    | 33.7    | 39.4    | 55.5    | 80.5    |
| Net income          | 14.7    | 16.1    | 22.0    | 22.9    | 26.9    | 38.3    | 55.9    |
| Net debt            | -56.0   | -54.1   | -78.9   | -88.6   | -96.9   | -117.8  | -146.2  |
| Net gearing         | -49.8 % | -44.1 % | -57.1 % | -59.9 % | -59.6 % | -61.3 % | -62.4 % |
| Net Debt/EBITDA     | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     | 0.0     |
| EPS pro forma       | 0.57    | 3.12    | 1.06    | 1.04    | 1.31    | 1.86    | 2.72    |
| CPS                 | 0.89    | 0.64    | 1.46    | 1.28    | 1.02    | 1.32    | 1.88    |
| DPS                 | 0.80    | 1.20    | 0.35    | 0.35    | 0.44    | 0.62    | 0.90    |
| Dividend yield      | 0.9 %   | 1.3 %   | 0.4 %   | 0.4 %   | 0.5 %   | 0.7 %   | 1.0 %   |
| Gross profit margin | 46.1 %  | 44.1 %  | 48.8 %  | 49.1 %  | 50.5 %  | 52.5 %  | 53.1 %  |
| EBITDA margin       | 19.2 %  | 18.9 %  | 24.2 %  | 25.4 %  | 27.5 %  | 29.4 %  | 32.2 %  |
| EBIT margin         | 13.0 %  | 13.9 %  | 18.0 %  | 19.1 %  | 21.5 %  | 24.5 %  | 28.6 %  |
| ROCE                | 13.8 %  | 17.6 %  | 22.5 %  | 22.9 %  | 26.2 %  | 26.2 %  | 27.4 %  |
| EV/sales            | 13.5    | 11.1    | 10.3    | 10.5    | 10.0    | 8.0     | 6.4     |
| EV/EBITDA           | 70.2    | 58.5    | 42.8    | 41.2    | 36.4    | 27.2    | 19.7    |
| EV/EBIT             | 104.0   | 80.0    | 57.6    | 54.7    | 46.6    | 32.7    | 22.2    |
| PER                 | 163.7   | 115.2   | 85.3    | 86.9    | 68.5    | 47.4    | 34.3    |
| Adjusted FCF yield  | 0.7 %   | 0.9 %   | 1.3 %   | 1.3 %   | 1.6 %   | 2.2 %   | 3.3 %   |

Source: Company data, Hauck & Aufhäuser Close price as of: 09.06.2021



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 93.90 / 32.75

**Price/Book Ratio:** 11.9

**Relative performance (SDAX):**

3 months 52.3 %

6 months 96.6 %

12 months 133.3 %

### Changes in estimates

|      |      | Sales | EBIT | EPS  |
|------|------|-------|------|------|
| 2021 | old: | 183.6 | 39.4 | 1.31 |
|      | Δ    | -     | -    | -    |
| 2022 | old: | 226.3 | 55.5 | 1.86 |
|      | Δ    | -     | -    | -    |
| 2023 | old: | 281.3 | 80.5 | 2.72 |
|      | Δ    | -     | -    | -    |

### Key share data:

Number of shares: (in m pcs) 20.6

Authorised capital: (in € m) 0.6

Book value per share: (in €) 7.9

Ø trading volume: (12 months) 20,453

### Major shareholders:

Free float 67.8 %

Founders 32.2 %

Eckert & Ziegler AG 0.1 %

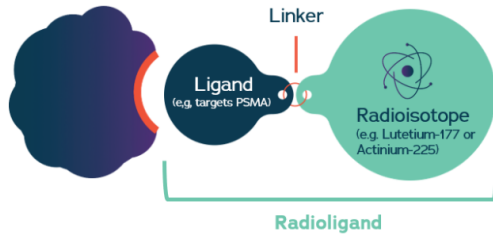
### Company description:

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

Radioligand therapy

## How Radioligands Work

Radioligands are like microscopic self-guided missiles, that seek out and kill cancer cells.



The **ligand** is a chemical compound that is attracted to receptors over-expressed by the cancer.

A **linker** attaches the ligand to a radioisotope. The **radioisotope** emits energy, which kills the cancer cells.

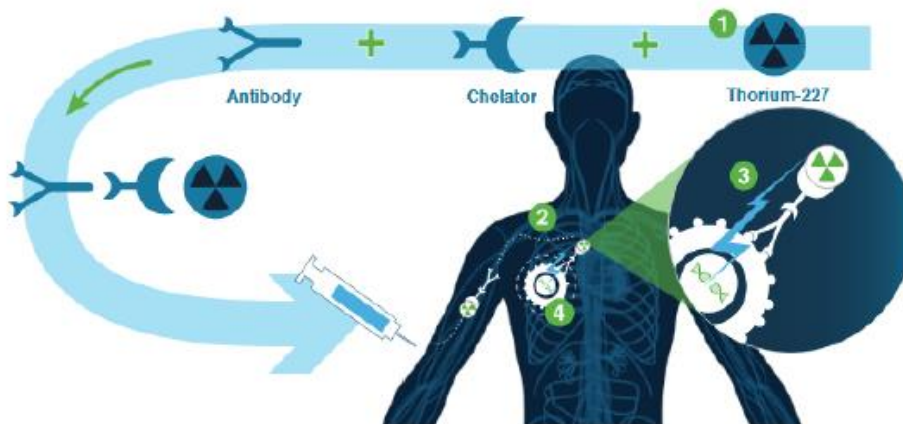
Source: POINT Biopharma

### Targeted Thorium Conjugate (TTC) platform

The Targeted Thorium Conjugate (TTC) platform is unique to Bayer and offers a new approach to potentially overcoming cancer resistance.

While cancer care has evolved significantly, further innovation is needed to develop therapeutic approaches for recurrent or hard-to-treat cancers.

### TTCs: Delivering alpha 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

## Financials

| Profit and loss (EUR m)                                   | 2017         | 2018         | 2019         | 2020         | 2021E        | 2022E        | 2023E        |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Sales</b>  | <b>138.6</b> | <b>168.7</b> | <b>178.5</b> | <b>176.1</b> | <b>183.6</b> | <b>226.3</b> | <b>281.3</b> |
| <i>Sales growth</i>                                       | 15.7 %       | 21.7 %       | 5.8 %        | -1.3 %       | 4.2 %        | 23.3 %       | 24.3 %       |
| Cost of sales   | 74.8         | 94.4         | 91.5         | 89.6         | 90.9         | 107.5        | 131.9        |
| <b>Gross profit</b>                                       | <b>63.9</b>  | <b>74.3</b>  | <b>87.0</b>  | <b>86.5</b>  | <b>92.7</b>  | <b>118.8</b> | <b>149.3</b> |
| Sales and marketing                                       | 20.0         | 23.3         | 22.9         | 21.7         | 22.8         | 26.0         | 28.1         |
| General and administration                                | 23.9         | 26.9         | 27.6         | 28.1         | 27.9         | 33.5         | 38.3         |
| Research and development                                  | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| Other operating income                                    | 3.8          | 3.5          | 2.8          | 5.8          | 5.8          | 5.8          | 5.8          |
| Other operating expenses                                  | 4.5          | 4.5          | 7.1          | 7.2          | 8.4          | 9.5          | 8.2          |
| Unusual or infrequent items                               | -1.2         | 0.2          | -0.2         | -1.6         | 0.0          | 0.0          | 0.0          |
| <b>EBITDA</b>   | <b>26.6</b>  | <b>32.0</b>  | <b>43.1</b>  | <b>44.8</b>  | <b>50.5</b>  | <b>66.6</b>  | <b>90.5</b>  |
| Depreciation  | 8.6          | 8.6          | 11.1         | 11.1         | 11.1         | 11.1         | 10.0         |
| <b>EBITA</b>  | <b>18.0</b>  | <b>23.4</b>  | <b>32.1</b>  | <b>33.7</b>  | <b>39.4</b>  | <b>55.5</b>  | <b>80.5</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>18.0</b>  | <b>23.4</b>  | <b>32.1</b>  | <b>33.7</b>  | <b>39.4</b>  | <b>55.5</b>  | <b>80.5</b>  |
| Interest income   | 0.3          | 0.2          | 0.3          | 0.2          | 0.2          | 0.2          | 0.2          |
| Interest expenses   | 0.9          | 0.7          | 1.1          | 1.2          | 1.2          | 1.2          | 1.2          |
| Other financial result                                    | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| Financial result  | -0.6         | -0.5         | -0.8         | -0.9         | -0.9         | -0.9         | -0.9         |
| <b>Recurring pretax income from continuing operations</b> | <b>17.3</b>  | <b>22.9</b>  | <b>31.2</b>  | <b>32.7</b>  | <b>38.4</b>  | <b>54.6</b>  | <b>79.6</b>  |
| Extraordinary income/loss                                 | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| <b>Earnings before taxes</b>                              | <b>17.3</b>  | <b>22.9</b>  | <b>31.2</b>  | <b>32.7</b>  | <b>38.4</b>  | <b>54.6</b>  | <b>79.6</b>  |
| Taxes   | 5.3          | 6.0          | 8.8          | 9.6          | 11.3         | 16.1         | 23.4         |
| <b>Net income from continuing operations</b>              | <b>12.0</b>  | <b>16.9</b>  | <b>22.5</b>  | <b>23.1</b>  | <b>27.1</b>  | <b>38.5</b>  | <b>56.2</b>  |
| Result from discontinued operations (net of tax)          | 3.1          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| <b>Net income</b>   | <b>15.1</b>  | <b>16.9</b>  | <b>22.5</b>  | <b>23.1</b>  | <b>27.1</b>  | <b>38.5</b>  | <b>56.2</b>  |
| Minority interest   | 0.4          | 0.8          | 0.5          | 0.2          | 0.2          | 0.2          | 0.2          |
| <b>Net profit (reported)</b>                              | <b>14.7</b>  | <b>16.1</b>  | <b>22.0</b>  | <b>22.9</b>  | <b>26.9</b>  | <b>38.3</b>  | <b>55.9</b>  |
| Average number of shares                                  | 20.5         | 20.5         | 20.5         | 20.6         | 20.6         | 20.6         | 20.6         |
| <b>EPS reported</b>                                       | <b>0.72</b>  | <b>0.79</b>  | <b>1.07</b>  | <b>1.11</b>  | <b>1.31</b>  | <b>1.86</b>  | <b>2.72</b>  |

| Profit and loss (common size)                             | 2017           | 2018           | 2019           | 2020           | 2021E          | 2022E          | 2023E          |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <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   | 53.9 %         | 55.9 %         | 51.2 %         | 50.9 %         | 49.5 %         | 47.5 %         | 46.9 %         |
| <b>Gross profit</b>                                       | <b>46.1 %</b>  | <b>44.1 %</b>  | <b>48.8 %</b>  | <b>49.1 %</b>  | <b>50.5 %</b>  | <b>52.5 %</b>  | <b>53.1 %</b>  |
| Sales and marketing                                       | 14.4 %         | 13.8 %         | 12.8 %         | 12.3 %         | 12.4 %         | 11.5 %         | 10.0 %         |
| General and administration                                | 17.3 %         | 15.9 %         | 15.4 %         | 15.9 %         | 15.2 %         | 14.8 %         | 13.6 %         |
| Research and development                                  | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          |
| Other operating income                                    | 2.7 %          | 2.1 %          | 1.6 %          | 3.3 %          | 3.1 %          | 2.5 %          | 2.0 %          |
| Other operating expenses                                  | 3.2 %          | 2.6 %          | 4.0 %          | 4.1 %          | 4.6 %          | 4.2 %          | 2.9 %          |
| Unusual or infrequent items                               | neg.           | 0.1 %          | neg.           | neg.           | 0.0 %          | 0.0 %          | 0.0 %          |
| <b>EBITDA</b>   | <b>19.2 %</b>  | <b>18.9 %</b>  | <b>24.2 %</b>  | <b>25.4 %</b>  | <b>27.5 %</b>  | <b>29.4 %</b>  | <b>32.2 %</b>  |
| Depreciation  | 6.2 %          | 5.1 %          | 6.2 %          | 6.3 %          | 6.0 %          | 4.9 %          | 3.6 %          |
| <b>EBITA</b>  | <b>13.0 %</b>  | <b>13.9 %</b>  | <b>18.0 %</b>  | <b>19.1 %</b>  | <b>21.5 %</b>  | <b>24.5 %</b>  | <b>28.6 %</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>13.9 %</b>  | <b>18.0 %</b>  | <b>19.1 %</b>  | <b>21.5 %</b>  | <b>24.5 %</b>  | <b>28.6 %</b>  |
| Interest income   | 0.2 %          | 0.1 %          | 0.2 %          | 0.1 %          | 0.1 %          | 0.1 %          | 0.1 %          |
| Interest expenses   | 0.6 %          | 0.4 %          | 0.6 %          | 0.7 %          | 0.6 %          | 0.5 %          | 0.4 %          |
| 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>12.5 %</b>  | <b>13.6 %</b>  | <b>17.5 %</b>  | <b>18.6 %</b>  | <b>20.9 %</b>  | <b>24.1 %</b>  | <b>28.3 %</b>  |
| Extraordinary income/loss                                 | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          |
| <b>Earnings before taxes</b>                              | <b>12.5 %</b>  | <b>13.6 %</b>  | <b>17.5 %</b>  | <b>18.6 %</b>  | <b>20.9 %</b>  | <b>24.1 %</b>  | <b>28.3 %</b>  |
| Tax rate  | 30.7 %         | 26.2 %         | 28.1 %         | 29.4 %         | 29.4 %         | 29.4 %         | 29.4 %         |
| <b>Net income from continuing operations</b>              | <b>8.7 %</b>   | <b>10.0 %</b>  | <b>12.6 %</b>  | <b>13.1 %</b>  | <b>14.8 %</b>  | <b>17.0 %</b>  | <b>20.0 %</b>  |
| Result from discontinued operations (net of tax)          | 2.2 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          |
| <b>Net income</b>   | <b>10.9 %</b>  | <b>10.0 %</b>  | <b>12.6 %</b>  | <b>13.1 %</b>  | <b>14.8 %</b>  | <b>17.0 %</b>  | <b>20.0 %</b>  |
| Minority interest   | 0.3 %          | 0.4 %          | 0.3 %          | 0.1 %          | 0.1 %          | 0.1 %          | 0.1 %          |
| <b>Net profit (reported)</b>                              | <b>10.6 %</b>  | <b>9.6 %</b>   | <b>12.3 %</b>  | <b>13.0 %</b>  | <b>14.7 %</b>  | <b>16.9 %</b>  | <b>19.9 %</b>  |

Source: Company data, Hauck & Aufhäuser

| Balance sheet (EUR m)                                     | 2017         | 2018         | 2019         | 2020         | 2021E        | 2022E        | 2023E        |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| <b>Intangible assets</b>                                  | <b>51.4</b>  | <b>52.5</b>  | <b>51.9</b>  | <b>41.4</b>  | <b>41.4</b>  | <b>41.4</b>  | <b>41.4</b>  |
| Property, plant and equipment                             | 33.8         | 36.9         | 40.0         | 38.0         | 41.9         | 38.2         | 34.7         |
| Financial assets  | 3.2          | 3.5          | 5.2          | 8.0          | 8.0          | 8.0          | 8.0          |
| <b>FIXED ASSETS</b>                                       | <b>88.5</b>  | <b>93.0</b>  | <b>97.1</b>  | <b>87.4</b>  | <b>91.3</b>  | <b>87.6</b>  | <b>84.1</b>  |
| Inventories   | 26.8         | 28.8         | 31.2         | 33.6         | 37.5         | 43.5         | 54.1         |
| Accounts receivable                                       | 24.3         | 28.3         | 29.5         | 28.2         | 32.2         | 39.7         | 49.3         |
| Other current assets                                      | 10.9         | 14.9         | 26.6         | 42.3         | 42.3         | 42.3         | 42.3         |
| Liquid assets   | 57.7         | 54.2         | 78.9         | 88.6         | 96.9         | 117.8        | 146.2        |
| Deferred taxes  | 8.8          | 9.9          | 10.9         | 11.9         | 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>128.5</b> | <b>136.1</b> | <b>177.1</b> | <b>204.6</b> | <b>208.8</b> | <b>243.3</b> | <b>291.9</b> |
| <b>TOTAL ASSETS</b>                                       | <b>217.0</b> | <b>229.1</b> | <b>274.2</b> | <b>292.0</b> | <b>300.2</b> | <b>330.9</b> | <b>375.9</b> |
| SHAREHOLDERS EQUITY                                       | 112.3        | 122.6        | 138.2        | 147.8        | 162.6        | 192.0        | 234.1        |
| MINORITY INTEREST   | 5.2          | 1.2          | 1.2          | 1.1          | 1.1          | 0.0          | 0.0          |
| Long-term debt  | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| Provisions for pensions and similar obligations           | 11.7         | 11.4         | 13.5         | 14.4         | 14.4         | 14.4         | 14.4         |
| Other provisions  | 48.7         | 55.1         | 66.4         | 70.5         | 64.8         | 66.1         | 67.4         |
| <b>Non-current liabilities</b>                            | <b>60.4</b>  | <b>66.5</b>  | <b>79.9</b>  | <b>84.9</b>  | <b>79.3</b>  | <b>80.6</b>  | <b>81.9</b>  |
| short-term liabilities to banks                           | 1.7          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| Accounts payable  | 4.5          | 6.5          | 4.5          | 5.0          | 6.2          | 7.4          | 9.0          |
| Advance payments received on orders                       | 5.9          | 4.1          | 12.0         | 8.6          | 8.6          | 8.6          | 8.6          |
| Other liabilities (incl. from lease and rental contracts) | 17.3         | 17.4         | 35.6         | 42.3         | 42.3         | 42.3         | 42.3         |
| Deferred taxes  | 6.4          | 7.1          | 2.8          | 2.2          | 0.0          | 0.0          | 0.0          |
| Deferred income   | 3.3          | 3.6          | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| <b>Current liabilities</b>                                | <b>39.1</b>  | <b>38.8</b>  | <b>54.9</b>  | <b>58.2</b>  | <b>57.2</b>  | <b>58.3</b>  | <b>60.0</b>  |
| <b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>          | <b>217.0</b> | <b>229.1</b> | <b>274.2</b> | <b>292.0</b> | <b>300.2</b> | <b>330.9</b> | <b>375.9</b> |

| Balance sheet (common size)                               | 2017           | 2018           | 2019           | 2020           | 2021E          | 2022E          | 2023E          |
|---|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>Intangible assets</b>                                  | <b>23.7 %</b>  | <b>22.9 %</b>  | <b>18.9 %</b>  | <b>14.2 %</b>  | <b>13.8 %</b>  | <b>12.5 %</b>  | <b>11.0 %</b>  |
| Property, plant and equipment                             | 15.6 %         | 16.1 %         | 14.6 %         | 13.0 %         | 14.0 %         | 11.5 %         | 9.2 %          |
| Financial assets  | 1.5 %          | 1.5 %          | 1.9 %          | 2.7 %          | 2.7 %          | 2.4 %          | 2.1 %          |
| <b>FIXED ASSETS</b>                                       | <b>40.8 %</b>  | <b>40.6 %</b>  | <b>35.4 %</b>  | <b>29.9 %</b>  | <b>30.4 %</b>  | <b>26.5 %</b>  | <b>22.4 %</b>  |
| Inventories   | 12.3 %         | 12.6 %         | 11.4 %         | 11.5 %         | 12.5 %         | 13.2 %         | 14.4 %         |
| Accounts receivable                                       | 11.2 %         | 12.4 %         | 10.8 %         | 9.7 %          | 10.7 %         | 12.0 %         | 13.1 %         |
| Other current assets                                      | 5.0 %          | 6.5 %          | 9.7 %          | 14.5 %         | 14.1 %         | 12.8 %         | 11.3 %         |
| Liquid assets   | 26.6 %         | 23.7 %         | 28.8 %         | 30.3 %         | 32.3 %         | 35.6 %         | 38.9 %         |
| Deferred taxes  | 4.1 %          | 4.3 %          | 4.0 %          | 4.1 %          | 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>59.2 %</b>  | <b>59.4 %</b>  | <b>64.6 %</b>  | <b>70.1 %</b>  | <b>69.6 %</b>  | <b>73.5 %</b>  | <b>77.6 %</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> |
| SHAREHOLDERS EQUITY                                       | 51.8 %         | 53.5 %         | 50.4 %         | 50.6 %         | 54.2 %         | 58.0 %         | 62.3 %         |
| MINORITY INTEREST   | 2.4 %          | 0.5 %          | 0.5 %          | 0.4 %          | 0.4 %          | 0.0 %          | 0.0 %          |
| Long-term debt  | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          |
| Provisions for pensions and similar obligations           | 5.4 %          | 5.0 %          | 4.9 %          | 4.9 %          | 4.8 %          | 4.4 %          | 3.8 %          |
| Other provisions  | 22.4 %         | 24.0 %         | 24.2 %         | 24.1 %         | 21.6 %         | 20.0 %         | 17.9 %         |
| <b>Non-current liabilities</b>                            | <b>27.8 %</b>  | <b>29.0 %</b>  | <b>29.1 %</b>  | <b>29.1 %</b>  | <b>26.4 %</b>  | <b>24.4 %</b>  | <b>21.8 %</b>  |
| short-term liabilities to banks                           | 0.8 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          |
| Accounts payable  | 2.1 %          | 2.8 %          | 1.6 %          | 1.7 %          | 2.1 %          | 2.2 %          | 2.4 %          |
| Advance payments received on orders                       | 2.7 %          | 1.8 %          | 4.4 %          | 3.0 %          | 2.9 %          | 2.6 %          | 2.3 %          |
| Other liabilities (incl. from lease and rental contracts) | 8.0 %          | 7.6 %          | 13.0 %         | 14.5 %         | 14.1 %         | 12.8 %         | 11.3 %         |
| Deferred taxes  | 3.0 %          | 3.1 %          | 1.0 %          | 0.8 %          | 0.0 %          | 0.0 %          | 0.0 %          |
| Deferred income   | 1.5 %          | 1.6 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          | 0.0 %          |
| <b>Current liabilities</b>                                | <b>18.0 %</b>  | <b>16.9 %</b>  | <b>20.0 %</b>  | <b>19.9 %</b>  | <b>19.1 %</b>  | <b>17.6 %</b>  | <b>16.0 %</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)                          | 2017         | 2018         | 2019         | 2020         | 2021E        | 2022E        | 2023E        |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Net profit/loss                                      | 15.1         | 16.9         | 22.5         | 23.1         | 27.1         | 38.5         | 56.2         |
| Depreciation of fixed assets (incl. leases)          | 8.6          | 8.6          | 11.1         | 11.1         | 11.1         | 11.1         | 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          | 2.8          | 10.6         | 4.3          | 0.0          | 0.0          | 0.0          |
| Cash flow from operations before changes in w/c      | 29.3         | 28.2         | 44.1         | 38.5         | 38.2         | 49.6         | 66.2         |
| Increase/decrease in inventory                       | -1.7         | 0.7          | -2.2         | -2.4         | -3.9         | -6.1         | -10.6        |
| Increase/decrease in accounts receivable             | -1.1         | -4.0         | -1.2         | 0.1          | -4.0         | -7.5         | -9.6         |
| Increase/decrease in accounts payable                | -1.9         | 2.0          | -0.4         | 0.5          | 1.2          | 1.1          | 1.7          |
| Increase/decrease in other working capital positions | 2.2          | -5.7         | 0.0          | 0.0          | 0.0          | 0.0          | 0.0          |
| Increase/decrease in working capital                 | -2.5         | -7.0         | -3.7         | -1.7         | -6.7         | -12.4        | -18.5        |
| <b>Cash flow from operating activities</b>           | <b>26.8</b>  | <b>21.2</b>  | <b>40.4</b>  | <b>36.8</b>  | <b>31.5</b>  | <b>37.2</b>  | <b>47.7</b>  |
| CAPEX  | 4.2          | 6.1          | 7.3          | 8.9          | 15.0         | 7.3          | 6.5          |
| Payments for acquisitions                            | 5.5          | 2.1          | 0.9          | 0.0          | 0.0          | 0.0          | 0.0          |
| Financial investments                                | 0.5          | 0.0          | 0.0          | 5.4          | 0.0          | 0.0          | 0.0          |
| Income from asset disposals                          | 15.2         | -2.5         | 2.5          | 0.9          | 0.0          | 0.0          | 0.0          |
| <b>Cash flow from investing activities</b>           | <b>5.1</b>   | <b>-10.7</b> | <b>-5.7</b>  | <b>-13.3</b> | <b>-15.0</b> | <b>-7.3</b>  | <b>-6.5</b>  |
| Cash flow before financing                           | 31.9         | 10.5         | 34.7         | 23.4         | 16.5         | 29.9         | 41.2         |
| Increase/decrease in debt position                   | -5.3         | -1.7         | -2.7         | -3.0         | 0.0          | 0.0          | 0.0          |
| Purchase of own shares                               | 0.0          | 8.6          | 0.0          | 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                                       | 3.5          | 4.1          | 6.2          | 8.8          | 7.1          | 9.0          | 12.8         |
| Others   | -1.2         | -0.2         | -1.7         | -1.2         | 0.0          | 0.0          | 0.0          |
| Effects of exchange rate changes on cash             | -0.8         | 0.6          | 0.5          | -1.9         | 0.0          | 0.0          | 0.0          |
| <b>Cash flow from financing activities</b>           | <b>-10.0</b> | <b>-14.6</b> | <b>-10.5</b> | <b>-13.0</b> | <b>-7.1</b>  | <b>-9.0</b>  | <b>-12.8</b> |
| Increase/decrease in liquid assets                   | 21.1         | -3.5         | 24.7         | 8.6          | 9.4          | 20.9         | 28.4         |
| <b>Liquid assets at end of period</b>                | <b>57.7</b>  | <b>54.2</b>  | <b>78.9</b>  | <b>87.4</b>  | <b>96.9</b>  | <b>117.8</b> | <b>146.2</b> |

Source: Company data, Hauck & Aufhäuser

| Regional split (EUR m) | 2017         | 2018         | 2019         | 2020         | 2021E        | 2022E        | 2023E        |
|------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| 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         | 84.9         | 96.8         | 110.4        | 125.9        | 143.5        | 163.6        | 186.5        |
| yoy change             | 14.0 %       | 14.0 %       | 14.0 %       | 14.0 %       | 14.0 %       | 14.0 %       | 14.0 %       |
| NAFTA                  | 53.0         | 60.9         | 70.1         | 80.6         | 92.7         | 106.6        | 122.5        |
| yoy change             | 15.0 %       | 15.0 %       | 15.0 %       | 15.0 %       | 15.0 %       | 15.0 %       | 15.0 %       |
| Asia Pacific           | 15.8         | 17.9         | 20.2         | 22.9         | 25.8         | 29.2         | 33.0         |
| yoy change             | 13.0 %       | 13.0 %       | 13.0 %       | 13.0 %       | 13.0 %       | 13.0 %       | 13.0 %       |
| Rest of world          | -15.1        | -7.0         | -22.2        | -53.1        | -78.4        | -73.0        | -60.7        |
| yoy change             | neg.         | neg.         | neg.         | neg.         | neg.         | neg.         | neg.         |
| <b>TTL</b>             | <b>138.6</b> | <b>168.7</b> | <b>178.5</b> | <b>176.1</b> | <b>183.6</b> | <b>226.3</b> | <b>281.3</b> |
| yoy change             | 15.7 %       | 21.7 %       | 5.8 %        | -1.3 %       | 4.2 %        | 23.3 %       | 24.3 %       |

Source: Company data, Hauck & Aufhäuser

| Key ratios (EUR m)                   | 2017    | 2018    | 2019     | 2020     | 2021E   | 2022E   | 2023E   |
|--------------------------------------|---------|---------|----------|----------|---------|---------|---------|
| <b>P&amp;L growth analysis</b>       |         |         |          |          |         |         |         |
| Sales growth                         | 15.7 %  | 21.7 %  | 5.8 %    | -1.3 %   | 4.2 %   | 23.3 %  | 24.3 %  |
| EBITDA growth                        | 7.0 %   | 20.1 %  | 35.0 %   | 3.8 %    | 12.7 %  | 32.0 %  | 35.9 %  |
| EBIT growth                          | 11.4 %  | 30.1 %  | 37.1 %   | 5.1 %    | 16.9 %  | 41.0 %  | 45.0 %  |
| EPS growth                           | -60.4 % | 9.7 %   | 36.5 %   | 3.6 %    | 17.6 %  | 42.4 %  | 46.0 %  |
| <b>Efficiency</b>                    |         |         |          |          |         |         |         |
| Total operating costs / sales        | 32.2 %  | 30.3 %  | 30.7 %   | 29.1 %   | 29.0 %  | 28.0 %  | 24.5 %  |
| 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         | 29.3 %  | 25.8 %  | 25.4 %   | 26.2 %   | 28.0 %  | 27.0 %  | 27.2 %  |
| Inventory turnover (sales/inventory) | 5.2     | 5.2     | 5.2      | 4.9      | 4.9     | 5.2     | 5.2     |
| Trade debtors in days of sales       | 64.0    | 64.0    | 64.0     | 64.0     | 64.0    | 64.0    | 64.0    |
| A/P turnover [(A/P*365)/sales]       | 22.0    | 25.0    | 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                       | 22.7    | 15.1    | 33.2     | 27.9     | 16.5    | 29.9    | 41.2    |
| Free cash flow/sales                 | 16.4 %  | 8.9 %   | 18.6 %   | 15.8 %   | 9.0 %   | 13.2 %  | 14.6 %  |
| FCF / net profit                     | 154.2 % | 93.5 %  | 150.7 %  | 121.8 %  | 61.5 %  | 78.0 %  | 73.6 %  |
| Capex / depn                         | 53.9 %  | 71.4 %  | 65.5 %   | 128.8 %  | 135.4 % | 65.9 %  | 65.0 %  |
| Capex / maintenance capex            | 48.1 %  | 75.2 %  | 68.9 %   | 84.6 %   | 142.5 % | 73.2 %  | 72.2 %  |
| Capex / sales                        | 3.4 %   | 3.6 %   | 4.1 %    | 8.1 %    | 8.2 %   | 3.2 %   | 2.3 %   |
| <b>Security</b>                      |         |         |          |          |         |         |         |
| Net debt                             | -56.0   | -54.1   | -78.9    | -88.6    | -96.9   | -117.8  | -146.2  |
| 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                       | 20.4    | 34.8    | 29.3     | 28.2     | 33.0    | 46.6    | 67.5    |
| Dividend payout ratio                | 111.7 % | 152.7 % | 33.0 %   | 31.1 %   | 33.3 %  | 33.3 %  | 33.2 %  |
| <b>Asset utilisation</b>             |         |         |          |          |         |         |         |
| Capital employed turnover            | 1.1     | 1.2     | 1.2      | 1.2      | 1.2     | 0.8     | 0.9     |
| Operating assets turnover            | 1.9     | 2.0     | 2.1      | 2.0      | 1.9     | 2.1     | 2.3     |
| Plant turnover                       | 4.1     | 4.6     | 4.5      | 4.6      | 4.4     | 5.9     | 8.1     |
| Inventory turnover (sales/inventory) | 5.2     | 5.2     | 5.2      | 4.9      | 4.9     | 5.2     | 5.2     |
| <b>Returns</b>                       |         |         |          |          |         |         |         |
| ROCE                                 | 13.8 %  | 17.6 %  | 22.5 %   | 22.9 %   | 26.2 %  | 26.2 %  | 27.4 %  |
| ROE                                  | 13.1 %  | 13.2 %  | 15.9 %   | 15.5 %   | 16.5 %  | 20.0 %  | 23.9 %  |
| <b>Other</b>                         |         |         |          |          |         |         |         |
| Interest paid / avg. debt            | 13.2 %  | 73.9 %  | 1809.9 % | 5819.5 % | 19883.3 | 19883.3 | 19883.3 |
| No. employees (average)              | 0       | 0       | 0        | 0        | 0       | 0       | 0       |
| Number of shares                     | 20.5    | 20.5    | 20.5     | 20.6     | 20.6    | 20.6    | 20.6    |
| DPS                                  | 0.8     | 1.2     | 0.4      | 0.3      | 0.4     | 0.6     | 0.9     |
| EPS reported                         | 0.72    | 0.79    | 1.07     | 1.11     | 1.31    | 1.86    | 2.72    |
| <b>Valuation ratios</b>              |         |         |          |          |         |         |         |
| P/BV                                 | 13.4    | 12.3    | 10.9     | 10.2     | 9.3     | 7.9     | 6.4     |
| EV/sales                             | 10.5    | 8.7     | 8.1      | 8.1      | 7.8     | 6.2     | 4.9     |
| EV/EBITDA                            | 54.8    | 45.7    | 33.3     | 32.0     | 28.2    | 21.1    | 15.2    |
| EV/EBITA                             | 81.2    | 62.4    | 44.8     | 42.5     | 36.2    | 25.3    | 17.1    |
| EV/EBIT                              | 81.2    | 62.4    | 44.8     | 42.5     | 36.2    | 25.3    | 17.1    |
| EV/FCF                               | 64.4    | 96.8    | 43.3     | 51.4     | 86.2    | 47.0    | 33.4    |
| Adjusted FCF yield                   | 0.8 %   | 1.2 %   | 1.6 %    | 1.7 %    | 2.0 %   | 2.9 %   | 4.2 %   |
| Dividend yield                       | 1.1 %   | 1.6 %   | 0.5 %    | 0.5 %    | 0.6 %   | 0.8 %   | 1.2 %   |

Source: Company data, Hauck & Aufhäuser

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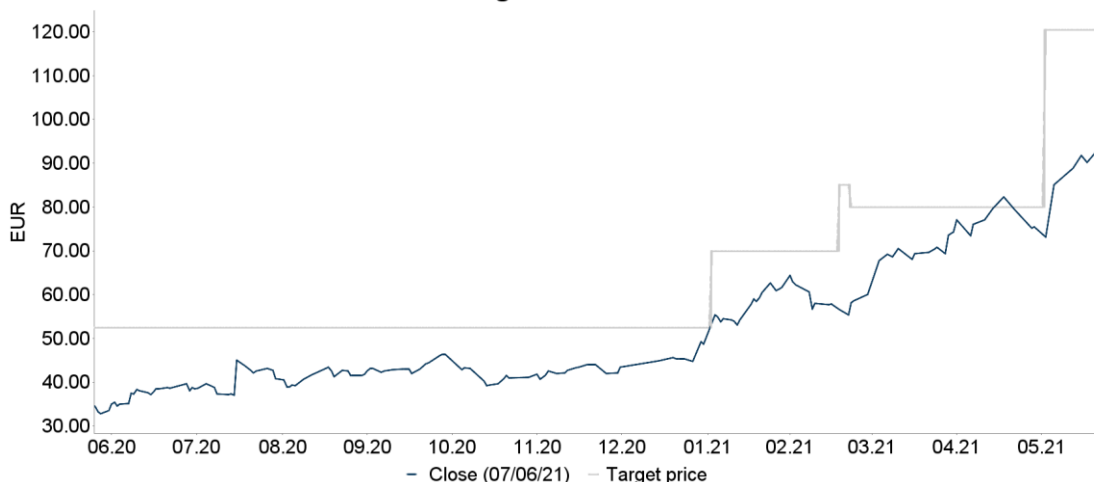
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| Company             | Disclosure |
|---------------------|------------|
| Eckert & Ziegler AG | 2          |

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

**Price and Rating History  
Eckert & Ziegler AG as of 09/06/21**

**Initiation coverage**  
08-April-10



| Company             | Date       | Analyst             | Rating | Target price | Close     |
|---------------------|------------|---------------------|--------|--------------|-----------|
| Eckert & Ziegler AG | 19.05.2021 | Halitsa, Aliaksandr | Buy    | EUR 120,50   | EUR 73,20 |
|                     | 30.03.2021 | Halitsa, Aliaksandr | Buy    | EUR 80,00    | EUR 70,50 |
|                     | 24.03.2021 | Halitsa, Aliaksandr | Buy    | EUR 80,00    | EUR 68,60 |
|                     | 10.03.2021 | Halitsa, Aliaksandr | Buy    | EUR 80,00    | EUR 58,50 |
|                     | 16.02.2021 | Halitsa, Aliaksandr | Buy    | EUR 70,00    | EUR 62,95 |

|            |                     |     |           |           |
|------------|---------------------|-----|-----------|-----------|
| 08.02.2021 | Halitsa, Aliaksandr | Buy | EUR 70,00 | EUR 62,60 |
| 29.01.2021 | Halitsa, Aliaksandr | Buy | EUR 70,00 | EUR 54,20 |
| 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 |

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|             |         |         |
|-------------|---------|---------|
| <b>Buy</b>  | 73.08 % | 80.65 % |
| <b>Sell</b> | 6.41 %  | 0.00 %  |
| <b>Hold</b> | 20.51 % | 19.35 % |

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