

Eckert & Ziegler AG

Germany - High-tech Engineering



HAUCK
AUFHÄUSER
INVESTMENT BANKING

Buy (old: Buy)

Price target: EUR 120.00 (old: EUR 120.00)

Price: EUR 54.05 **Next result:** Q3 31.03.2023
Bloomberg: EUZ GR **Market cap:** EUR 1,118.6 m
Reuters: EUZG.DE **Enterprise Value:** EUR 1,059.9 m

13-March-23

Alexander Galitsa
Analyst

alexander.galitsa@ha-ib.de
Tel.: +49 40 414 3885 83

Lu-177 DMF submission further validates the investment case

EUZ successfully submitted a Type II Drug Master File (DMF) with the FDA for lutetium-177 (Lu-177).

Why is this important? From now on, drug manufacturers can refer to this DMF when developing new Lu-177-based radiopharmaceuticals for the US market and use the non-carrier-added Lu-177 (i.e. high purity) from EUZ in clinical trials and for commercial supply of the drug. A similar file is yet to be submitted with the EU regulators.

This is a crucial step on the way of **becoming a reliable supplier of Lu-177**, which is a mission-critical isotope for targeted radiation therapies (TRTs) used in the treatment of various cancer types. Today, there are two commercial Lu-177-based TRTs – Lutathera (2017/18) and Pluvicto (2022) – and a large number of clinical assets in various stages of development.

How big is the opportunity? According to the Joint Research Centre (JRC), the price of the radionuclide (e.g. Lu-177) accounts for c. 10-15% of the final drug price. Accordingly, the estimated Pluvicto peak sales of \$ 2bn alone should translate to **\$ 200-300m market for Lu-177**. In the long-term, the total market for novel TRTs is forecast to grow to **\$ 20bn by 2030E** from currently c. \$ 1bn (MEDraysintell). This should be driven by the expansion of TRTs into earlier lines of prostate cancer treatment as well as other types of tumors. Lu-177 and later Ac-225 are seen to become the dominant therapeutic isotopes (as majority of the clinical assets are based on these isotopes).

How does the market landscape look like? At the moment, Novartis is the only large-scale buyer of Lu-177, which it needs for its two TRTs (Lutathera and Pluvicto). Currently, it is sourcing Lu-177 from ITM (Germany) and The University of Missouri Research Reactor (MURR; US) – **both are holders of a FDA DMF**.

How well is EUZ positioned? Via its JV with Atom Mines (AM), EUZ is leveraging AM's proprietary magnetically activated and guided isotope separation technology (MAGIS). EUZ owns 18.5% of the JV and holds an **exclusive supply agreement for Yb-176**, which is a scarce precursor for Lu-177. MAGIS is perfectly suited for "enrichment" of Yt-176 (see next page for explanation). It has demonstrated high isotopic purity, scalability and seeming cost advantages. An [article](#) on dotmed.com **suggest MAGIS may be using 1,000 times less electricity than the go-to method with calutrons does**. At a minimum this should ensure a greater control over the supply chain and hence greater supply reliability with the potential for a cost advantage. That said, **EUZ is well positioned to become one of the main suppliers of Lu-177**.

BUY with an unchanged **PT of € 120 based on DCF**.

Y/E 31.12 (EUR m)	2018	2019	2020	2021	2022E	2023E	2024E
Sales	168.7	178.5	176.1	180.4	229.0	243.0	268.0
Sales growth	22 %	6 %	-1 %	2 %	27 %	6 %	10 %
EBITDA	32.0	43.1	44.8	57.0	63.1	66.0	75.9
EBIT	23.4	32.1	33.7	47.4	52.4	54.1	63.1
Net income	16.1	22.0	22.9	34.4	32.7	37.0	43.3
Net debt	-54.1	-78.9	-88.6	-86.6	-71.8	-71.7	-77.2
EPS pro forma	3.12	1.06	1.04	1.67	1.58	1.79	2.09
CPS	0.64	1.46	1.28	1.20	1.09	1.62	1.75
Gross profit margin	44.1 %	48.8 %	49.1 %	50.5 %	50.8 %	51.2 %	52.1 %
EBITDA margin	18.9 %	24.2 %	25.4 %	31.6 %	27.5 %	27.2 %	28.3 %
EBIT margin	13.9 %	18.0 %	19.1 %	26.3 %	22.9 %	22.3 %	23.5 %
ROCE	17.6 %	22.5 %	22.9 %	26.0 %	19.6 %	16.4 %	17.5 %
EV/sales	1.1	3.1	4.2	10.1	4.8	4.5	4.0
EV/EBITDA	5.5	13.0	16.7	32.0	17.3	16.5	14.3
EV/EBIT	7.6	17.5	22.2	38.5	20.8	20.1	17.2
PER	10.5	25.5	34.9	52.7	32.8	31.0	26.5
Adjusted FCF yield	9.8 %	4.2 %	3.3 %	2.0 %	3.3 %	3.7 %	4.3 %

Source: Company data, Hauck Aufhäuser Investment Banking Close price as of: 10.03.2023

Please refer to important disclosures at the end of the report



Source: Company data, Hauck Aufhäuser Investment Banking

High/low 52 weeks: 61.00 / 30.66
Price/Book Ratio: 5.7
Relative performance (SDAX):
 3 months 6.2 %
 6 months 37.6 %
 12 months 11.4 %

Changes in estimates

		Sales	EBIT	EPS
2022	old:	229.0	52.4	1.58
	Δ	-	-	-
2023	old:	243.0	54.1	1.79
	Δ	-	-	-
2024	old:	268.0	63.1	2.09
	Δ	-	-	-

Key share data:

Number of shares: (in m pcs) 20.7
 Authorised capital: (in € m) 0.6
 Book value per share: (in €) 10.1
 Ø trading volume: (12 months) 20,453

Major shareholders:

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

Company description:

A full-service provider for radiopharmaceuticals and isotope technology for industrial applications

The key steps in the n.c.a. Lu-177 supply chain:

- **Source material:** Yb-176 is the source material for n.c.a. Lu-177. This element is recovered from mining activities. Most of it comes from China, the US, Brazil, India, Sri Lanka, Australia. It is relatively abundant with estimated reserves of 1 mil. tones.
- **Enrichment:** Enrichment is a process by which the concentration of a certain isotope is increased, while undesired isotopes are separated from the source material. This is a **cost intensive process with scarce capacities**. According to the report by the European Commission, Russian calutrons is currently the main source of enriched Yb-176.
- **Irradiation:** Enriched Yb-176 is then irradiated in nuclear (research) reactors in order to produce Lu-177. With seven research reactors available for radionuclide production in Europe, there is no shortage of irradiation capacity.
- **Radiochemical processing** is a complex process that is used to extract the desired radionuclide from the target after its irradiation. During processing the radionuclide is converted into a chemical form, which is suitable for transport and further preparation of the radiopharmaceutical.

Source: HAIB research

Financials

Profit and loss (EUR m)	2018	2019	2020	2021	2022E	2023E	2024E
Sales	168.7	178.5	176.1	180.4	229.0	243.0	268.0
Sales growth	21.7 %	5.8 %	-1.3 %	2.4 %	26.9 %	6.1 %	10.3 %
Cost of sales	94.4	91.5	89.6	89.4	112.7	118.6	128.3
Gross profit	74.3	87.0	86.5	91.1	116.3	124.4	139.7
Sales and marketing	23.3	22.9	21.7	22.6	27.1	28.7	30.1
General and administration	26.9	27.6	28.1	31.5	34.8	36.8	38.5
Research and development	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other operating income	3.5	2.8	5.8	17.7	6.6	2.6	-0.4
Other operating expenses	4.5	7.1	7.2	7.3	8.6	7.4	7.6
Unusual or infrequent items	0.2	-0.2	-1.6	0.0	0.0	0.0	0.0
EBITDA	32.0	43.1	44.8	57.0	63.1	66.0	75.9
Depreciation	8.6	11.1	11.1	9.6	10.7	12.0	12.8
EBITA	23.4	32.1	33.7	47.4	52.4	54.1	63.1
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
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT (inc revaluation net)	23.4	32.1	33.7	47.4	52.4	54.1	63.1
Interest income	0.2	0.3	0.2	0.1	0.0	0.0	0.0
Interest expenses	0.7	1.1	1.2	1.2	2.1	1.2	1.2
Other financial result	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-0.5	-0.8	-0.9	-1.1	-2.1	-1.2	-1.2
Recurring pretax income from continuing operations	22.9	31.2	32.7	46.4	50.3	52.9	61.9
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	22.9	31.2	32.7	46.4	50.3	52.9	61.9
Taxes	6.0	8.8	9.6	11.7	17.6	15.9	18.6
Net income from continuing operations	16.9	22.5	23.1	34.7	32.7	37.0	43.3
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	16.9	22.5	23.1	34.7	32.7	37.0	43.3
Minority interest	0.8	0.5	0.2	0.2	0.0	0.0	0.0
Net profit (reported)	16.1	22.0	22.9	34.4	32.7	37.0	43.3
Average number of shares	20.5	20.5	20.6	20.6	20.7	20.7	20.7
EPS reported	0.79	1.07	1.11	1.67	1.58	1.79	2.09

Profit and loss (common size)	2018	2019	2020	2021	2022E	2023E	2024E
Sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Cost of sales	55.9 %	51.2 %	50.9 %	49.5 %	49.2 %	48.8 %	47.9 %
Gross profit	44.1 %	48.8 %	49.1 %	50.5 %	50.8 %	51.2 %	52.1 %
Sales and marketing	13.8 %	12.8 %	12.3 %	12.5 %	11.8 %	11.8 %	11.2 %
General and administration	15.9 %	15.4 %	15.9 %	17.4 %	15.2 %	15.1 %	14.4 %
Research and development	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other operating income	2.1 %	1.6 %	3.3 %	9.8 %	2.9 %	1.1 %	neg.
Other operating expenses	2.6 %	4.0 %	4.1 %	4.0 %	3.7 %	3.0 %	2.8 %
Unusual or infrequent items	0.1 %	neg.	neg.	0.0 %	0.0 %	0.0 %	0.0 %
EBITDA	18.9 %	24.2 %	25.4 %	31.6 %	27.5 %	27.2 %	28.3 %
Depreciation	5.1 %	6.2 %	6.3 %	5.3 %	4.7 %	4.9 %	4.8 %
EBITA	13.9 %	18.0 %	19.1 %	26.3 %	22.9 %	22.3 %	23.5 %
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 %
EBIT (inc revaluation net)	13.9 %	18.0 %	19.1 %	26.3 %	22.9 %	22.3 %	23.5 %
Interest income	0.1 %	0.2 %	0.1 %	0.1 %	0.0 %	0.0 %	0.0 %
Interest expenses	0.4 %	0.6 %	0.7 %	0.7 %	0.9 %	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.
Recurring pretax income from continuing operations	13.6 %	17.5 %	18.6 %	25.7 %	22.0 %	21.8 %	23.1 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Earnings before taxes	13.6 %	17.5 %	18.6 %	25.7 %	22.0 %	21.8 %	23.1 %
Tax rate	26.2 %	28.1 %	29.4 %	25.3 %	35.0 %	30.0 %	30.0 %
Net income from continuing operations	10.0 %	12.6 %	13.1 %	19.2 %	14.3 %	15.2 %	16.2 %
Result from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	10.0 %	12.6 %	13.1 %	19.2 %	14.3 %	15.2 %	16.2 %
Minority interest	0.4 %	0.3 %	0.1 %	0.1 %	0.0 %	0.0 %	0.0 %
Net profit (reported)	9.6 %	12.3 %	13.0 %	19.1 %	14.3 %	15.2 %	16.2 %

Source: Company data, Hauck Aufhäuser Investment Banking

Balance sheet (EUR m)	2018	2019	2020	2021	2022E	2023E	2024E
Intangible assets	52.5	51.9	41.4	61.4	76.1	96.1	116.1
Property, plant and equipment	36.9	40.0	38.0	61.9	71.9	74.0	73.1
Financial assets	3.5	5.2	8.0	16.4	16.4	16.4	16.4
FIXED ASSETS	93.0	97.1	87.4	139.7	164.4	186.5	205.6
Inventories	28.8	31.2	33.6	37.4	44.0	46.7	51.5
Accounts receivable	28.3	29.5	28.2	31.9	37.6	39.9	44.1
Other current assets	14.9	26.6	42.3	34.0	34.0	34.0	34.0
Liquid assets	54.2	78.9	88.6	93.7	78.8	78.8	84.3
Deferred taxes	9.9	10.9	11.9	11.2	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
CURRENT ASSETS	136.1	177.1	204.6	208.1	194.5	199.5	213.9
TOTAL ASSETS	229.1	274.2	292.0	347.7	359.0	386.0	419.5
SHAREHOLDERS EQUITY	122.6	138.2	147.8	187.4	209.2	234.1	265.3
MINORITY INTEREST	1.2	1.2	1.1	5.1	0.0	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	11.4	13.5	14.4	13.0	13.0	13.0	13.0
Other provisions	55.1	66.4	70.5	92.5	88.1	89.8	91.6
Non-current liabilities	66.5	79.9	84.9	105.5	101.1	102.9	104.7
short-term liabilities to banks	0.0	0.0	0.0	7.1	7.1	7.1	7.1
Accounts payable	6.5	4.5	5.0	5.6	6.8	7.2	7.7
Advance payments received on orders	4.1	12.0	8.6	11.6	11.6	11.6	11.6
Other liabilities (incl. from lease and rental contracts)	17.4	35.6	42.3	23.1	23.1	23.1	23.1
Deferred taxes	7.1	2.8	2.2	2.2	0.0	0.0	0.0
Deferred income	3.6	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	38.8	54.9	58.2	49.7	48.6	49.0	49.6
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	229.1	274.2	292.0	347.7	359.0	386.0	419.5

Balance sheet (common size)	2018	2019	2020	2021	2022E	2023E	2024E
Intangible assets	22.9 %	18.9 %	14.2 %	17.7 %	21.2 %	24.9 %	27.7 %
Property, plant and equipment	16.1 %	14.6 %	13.0 %	17.8 %	20.0 %	19.2 %	17.4 %
Financial assets	1.5 %	1.9 %	2.7 %	4.7 %	4.6 %	4.2 %	3.9 %
FIXED ASSETS	40.6 %	35.4 %	29.9 %	40.2 %	45.8 %	48.3 %	49.0 %
Inventories	12.6 %	11.4 %	11.5 %	10.7 %	12.3 %	12.1 %	12.3 %
Accounts receivable	12.4 %	10.8 %	9.7 %	9.2 %	10.5 %	10.3 %	10.5 %
Other current assets	6.5 %	9.7 %	14.5 %	9.8 %	9.5 %	8.8 %	8.1 %
Liquid assets	23.7 %	28.8 %	30.3 %	26.9 %	22.0 %	20.4 %	20.1 %
Deferred taxes	4.3 %	4.0 %	4.1 %	3.2 %	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 %
CURRENT ASSETS	59.4 %	64.6 %	70.1 %	59.8 %	54.2 %	51.7 %	51.0 %
TOTAL ASSETS	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
SHAREHOLDERS EQUITY	53.5 %	50.4 %	50.6 %	53.9 %	58.3 %	60.6 %	63.2 %
MINORITY INTEREST	0.5 %	0.5 %	0.4 %	1.5 %	0.0 %	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	5.0 %	4.9 %	4.9 %	3.8 %	3.6 %	3.4 %	3.1 %
Other provisions	24.0 %	24.2 %	24.1 %	26.6 %	24.5 %	23.3 %	21.8 %
Non-current liabilities	29.0 %	29.1 %	29.1 %	30.4 %	28.2 %	26.7 %	25.0 %
short-term liabilities to banks	0.0 %	0.0 %	0.0 %	2.0 %	2.0 %	1.8 %	1.7 %
Accounts payable	2.8 %	1.6 %	1.7 %	1.6 %	1.9 %	1.9 %	1.8 %
Advance payments received on orders	1.8 %	4.4 %	3.0 %	3.3 %	3.2 %	3.0 %	2.8 %
Other liabilities (incl. from lease and rental contracts)	7.6 %	13.0 %	14.5 %	6.7 %	6.4 %	6.0 %	5.5 %
Deferred taxes	3.1 %	1.0 %	0.8 %	0.6 %	0.0 %	0.0 %	0.0 %
Deferred income	1.6 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Current liabilities	16.9 %	20.0 %	19.9 %	14.3 %	13.6 %	12.7 %	11.8 %
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Source: Company data, Hauck Aufhäuser Investment Banking

Cash flow statement (EUR m)	2018	2019	2020	2021	2022E	2023E	2024E
Net profit/loss	16.9	22.5	23.1	34.7	32.7	37.0	43.3
Depreciation of fixed assets (incl. leases)	8.6	11.1	11.1	9.6	10.7	12.0	12.8
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	2.8	10.6	4.3	-1.1	0.0	0.0	0.0
Cash flow from operations before changes in w/c	28.2	44.1	38.5	43.1	43.4	49.0	56.2
Increase/decrease in inventory	0.7	-2.2	-2.4	-6.0	-6.7	-2.7	-4.8
Increase/decrease in accounts receivable	-4.0	-1.2	0.1	-3.9	-5.8	-2.3	-4.1
Increase/decrease in accounts payable	2.0	-0.4	0.5	0.6	1.2	0.4	0.6
Increase/decrease in other working capital positions	-5.7	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	-7.0	-3.7	-1.7	-9.3	-11.2	-4.6	-8.3
Cash flow from operating activities	21.2	40.4	36.8	33.9	32.1	44.3	47.8
CAPEX	6.1	7.3	8.9	28.9	35.4	34.0	32.0
Payments for acquisitions	2.1	0.9	0.0	8.3	0.0	0.0	0.0
Financial investments	0.0	0.0	5.4	0.0	0.0	0.0	0.0
Income from asset disposals	-2.5	2.5	0.9	13.5	0.0	0.0	0.0
Cash flow from investing activities	-10.7	-5.7	-13.3	-23.6	-35.4	-34.0	-32.0
Cash flow before financing	10.5	34.7	23.4	10.3	-3.3	10.3	15.8
Increase/decrease in debt position	-1.7	-2.7	-3.0	7.1	0.0	0.0	0.0
Purchase of own shares	8.6	0.0	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	4.1	6.2	8.8	9.3	11.5	10.3	10.3
Others	-0.2	-1.7	-1.2	-3.8	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.6	0.5	-1.9	2.0	0.0	0.0	0.0
Cash flow from financing activities	-14.6	-10.5	-13.0	-6.1	-11.5	-10.3	-10.3
Increase/decrease in liquid assets	-3.5	24.7	8.6	6.2	-14.8	0.0	5.5
Liquid assets at end of period	54.2	78.9	87.4	93.6	78.8	78.8	84.3

Source: Company data, Hauck Aufhäuser Investment Banking

Regional split (EUR m)	2018	2019	2020	2021	2022E	2023E	2024E
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	96.8	110.4	125.9	143.5	163.6	186.5	212.6
yoy change	14.0 %	14.0 %	14.0 %	14.0 %	14.0 %	14.0 %	14.0 %
NAFTA	60.9	70.1	80.6	92.7	106.6	122.5	140.9
yoy change	15.0 %	15.0 %	15.0 %	15.0 %	15.0 %	15.0 %	15.0 %
Asia Pacific	17.9	20.2	22.9	25.8	29.2	33.0	37.3
yoy change	13.0 %	13.0 %	13.0 %	13.0 %	13.0 %	13.0 %	13.0 %
Rest of world	-7.0	-22.2	-53.1	-81.5	-70.3	-99.0	-122.8
yoy change	neg.	neg.	neg.	neg.	neg.	neg.	neg.
TTL	168.7	178.5	176.1	180.4	229.0	243.0	268.0
yoy change	21.7 %	5.8 %	-1.3 %	2.4 %	26.9 %	6.1 %	10.3 %

Source: Company data, Hauck Aufhäuser Investment Banking

Key ratios (EUR m)	2018	2019	2020	2021	2022E	2023E	2024E
P&L growth analysis							
Sales growth	21.7 %	5.8 %	-1.3 %	2.4 %	26.9 %	6.1 %	10.3 %
EBITDA growth	20.1 %	35.0 %	3.8 %	27.4 %	10.5 %	4.7 %	15.0 %
EBIT growth	30.1 %	37.1 %	5.1 %	40.8 %	10.4 %	3.2 %	16.7 %
EPS growth	9.7 %	36.5 %	3.6 %	50.5 %	-5.5 %	13.2 %	17.1 %
Efficiency							
Total operating costs / sales	30.3 %	30.7 %	29.1 %	24.2 %	27.9 %	28.9 %	28.6 %
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
Balance sheet analysis							
Avg. working capital / sales	25.8 %	25.4 %	26.2 %	27.8 %	25.2 %	27.0 %	26.9 %
Inventory turnover (sales/inventory)	5.9	5.7	5.2	4.8	5.2	5.2	5.2
Trade debtors in days of sales	61.2	60.3	58.4	64.5	60.0	60.0	60.0
A/P turnover [(A/P*365)/sales]	25.1	17.9	20.4	22.8	22.0	22.0	22.0
Cash conversion cycle (days)	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Cash flow analysis							
Free cash flow	15.1	33.2	27.9	5.0	-3.3	10.3	15.8
Free cash flow/sales	8.9 %	18.6 %	15.8 %	2.8 %	-1.4 %	4.3 %	5.9 %
FCF / net profit	93.5 %	150.7 %	121.8 %	14.5 %	neg.	27.9 %	36.5 %
Capex / depre	71.4 %	65.5 %	128.8 %	300.7 %	332.3 %	284.4 %	249.4 %
Capex / maintenance capex	75.2 %	68.9 %	84.6 %	316.6 %	216.0 %	130.1 %	103.9 %
Capex / sales	3.6 %	4.1 %	8.1 %	16.0 %	15.5 %	14.0 %	11.9 %
Security							
Net debt	-54.1	-78.9	-88.6	-86.6	-71.8	-71.7	-77.2
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	34.8	29.3	28.2	39.7	24.9	45.1	52.6
Dividend payout ratio	152.7 %	33.0 %	31.1 %	33.3 %	31.7 %	28.0 %	23.9 %
Asset utilisation							
Capital employed turnover	1.2	1.2	1.2	0.8	0.7	0.7	0.7
Operating assets turnover	2.0	2.1	2.0	1.6	1.7	1.7	1.8
Plant turnover	4.6	4.5	4.6	2.9	3.2	3.3	3.7
Inventory turnover (sales/inventory)	5.9	5.7	5.2	4.8	5.2	5.2	5.2
Returns							
ROCE	17.6 %	22.5 %	22.9 %	26.0 %	19.6 %	16.4 %	17.5 %
ROE	13.2 %	15.9 %	15.5 %	18.4 %	15.6 %	15.8 %	16.3 %
Other							
Interest paid / avg. debt	73.9 %	1809.9 %	5819.5 %	33.7 %	29.7 %	17.0 %	17.0 %
No. employees (average)	0	0	0	0	0	0	0
Number of shares	20.5	20.5	20.6	20.6	20.7	20.7	20.7
DPS	1.2	0.4	0.3	0.6	0.5	0.5	0.5
EPS reported	0.79	1.07	1.11	1.67	1.58	1.79	2.09
Valuation ratios							
P/BV	9.3	8.2	7.7	6.1	5.5	4.9	4.3
EV/sales	1.1	3.1	4.2	10.1	4.8	4.5	4.0
EV/EBITDA	5.5	13.0	16.7	32.0	17.3	16.5	14.3
EV/EBITA	7.6	17.5	22.2	38.5	20.8	20.1	17.2
EV/EBIT	7.6	17.5	22.2	38.5	20.8	20.1	17.2
EV/FCF	11.7	16.9	26.8	364.9	-329.8	105.3	68.4
Adjusted FCF yield	9.8 %	4.2 %	3.3 %	2.0 %	3.3 %	3.7 %	4.3 %
Dividend yield	2.2 %	0.6 %	0.6 %	1.0 %	0.9 %	0.9 %	0.9 %

Source: Company data, Hauck Aufhäuser Investment Banking

Disclosures regarding research publications of Hauck Aufhäuser Lampe Privatbank AG pursuant to section 85 of the German Securities Trading Act (WpHG) and distributed in the UK under the Temporary Permission Regime for EEA firms, subject to the FCA requirements on research recommendation disclosures

It is essential that any research recommendation is fairly presented and discloses interests of indicates relevant conflicts of interest. Pursuant to section 85 of the German Securities Trading Act (WpHG) a research report has to point out possible conflicts of interest in connection with the analysed company. Further to this, under the FCA’s rules on research recommendations, any conflicts of interest in connection with the recommendation must be disclosed. A conflict of interest is presumed to exist in particular if Hauck Aufhäuser Lampe Privatbank AG

- (1) or any other person belonging to the same group with that person (as part of a consortium) within the past twelve months, acquired the financial instruments of the analysed company,
- (2) or any other person belonging to the same group with that person has entered into an agreement on the production of the research report with the analysed company,
- (3) has, within the past twelve months, been party to an agreement on the provision of investment banking services with the analysed company or have received services or a promise of services under the term of such an agreement,
- (4) holds a) 5% or more of the share capital of the analysed company, or b) the analysed company holds 5% or more of the share capital of Hauck Aufhäuser Lampe Privatbank AG or its affiliate(s),
- (5) holds a net short (a) or a net long (b) position of 0.5% of the outstanding share capital of the analysed company or derivatives thereof,
- (6) or any other person belonging to the same group with that person is a market maker or liquidity provider in the financial instruments of the issuer,
- (7) or the analyst has any other significant financial interests relating to the analysed company such as, for example, exercising mandates in the interest of the analysed company or a significant conflict of interest with respect to the issuer,
- (8) The research report has been made available to the company prior to its publication. Thereafter, only factual changes have been made to the report.

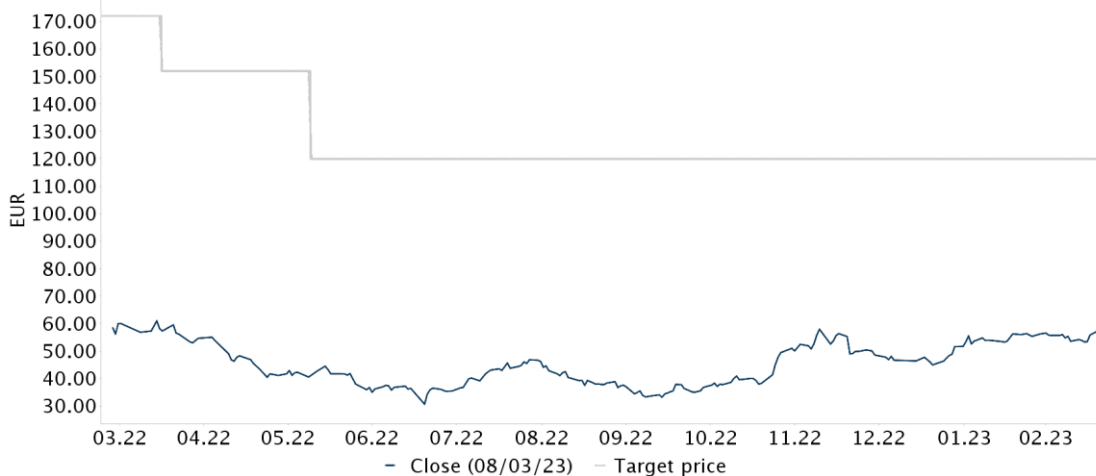
Conflicts of interest that existed at the time when this research report was published:

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 09/03/23**

Initiation coverage
08-April-10



Company	Date	Analyst	Rating	Target price	Close
Eckert & Ziegler AG	03.02.2023	Galitsa, Alexander	Buy	EUR 120.00	EUR 56.25
	12.01.2023	Galitsa, Alexander	Buy	EUR 120.00	EUR 48.84
	12.01.2023	Galitsa, Alexander	Buy	EUR 120.00	EUR 48.84
	12.01.2023	Galitsa, Alexander	Buy	EUR 120.00	EUR 48.84
	12.01.2023	Galitsa, Alexander	Buy	EUR 120.00	EUR 48.84

12.01.2023	Galiitsa, Alexander	Buy	EUR 120.00	EUR 48.84
12.01.2023	Galiitsa, Alexander	Buy	EUR 120.00	EUR 48.84
12.01.2023	Galiitsa, Alexander	Buy	EUR 120.00	EUR 48.84
12.01.2023	Galiitsa, Alexander	Buy	EUR 120.00	EUR 48.84
09.12.2022	Galiitsa, Alexander	Buy	EUR 120.00	EUR 49.86
24.11.2022	Galiitsa, Alexander	Buy	EUR 120.00	EUR 55.75
09.11.2022	Galiitsa, Alexander	Buy	EUR 120.00	EUR 45.06
02.09.2022	Galiitsa, Alexander	Buy	EUR 120.00	EUR 39.32
12.08.2022	Galiitsa, Alexander	Buy	EUR 120.00	EUR 46.84
09.08.2022	Galiitsa, Alexander	Buy	EUR 120.00	EUR 44.78
06.07.2022	Galiitsa, Alexander	Buy	EUR 120.00	EUR 34.38
31.05.2022	Galiitsa, Alexander	Buy	EUR 120.00	EUR 43.28
27.05.2022	Galiitsa, Alexander	Buy	EUR 120.00	EUR 42.66
17.05.2022	Galiitsa, Alexander	Buy	EUR 152.00	EUR 42.90
11.04.2022	Galiitsa, Alexander	Buy	EUR 152.00	EUR 53.35
04.04.2022	Galiitsa, Alexander	Buy	EUR 152.00	EUR 57.30

Hauck Aufhäuser Investment Banking distribution of ratings and in proportion to investment banking services

Buy	77.78 %	90.91 %
Sell	5.26 %	0.00 %
Hold	16.96 %	9.09 %

Date of publication creation: 13/03/2023 08:00 AM

Date of publication dissemination: 13/03/2023 08:07 AM

1. General Information/Liabilities

This research report has been produced for the information purposes of institutional investors only, and is not in any way a personal recommendation, offer or solicitation to buy or sell the financial instruments mentioned herein. The document is confidential and is made available by Hauck Aufhäuser Lampe Privatbank AG, exclusively to selected recipients [in DE, GB, FR, CH, US, UK, Scandinavia, and Benelux or, in individual cases, also in other countries]. A distribution to private investors in the sense of the German Securities Trading Act (WpHG) is excluded. It is not allowed to pass the research report on to persons other than the intended recipient without the permission of Hauck Aufhäuser Lampe Privatbank AG. Reproduction of this document, in whole or in part, is not permitted without prior permission Hauck Aufhäuser Lampe Privatbank AG. All rights reserved.

Under no circumstances shall Hauck Aufhäuser Lampe Privatbank AG, any of its employees involved in the preparation, have any liability for possible errors or incompleteness of the information included in this research report – neither in relation to indirect or direct nor consequential damages. Liability for damages arising either directly or as a consequence of the use of information, opinions and estimates is also excluded. Past performance of a financial instrument is not necessarily indicative of future performance.

2. Responsibilities

This research report was prepared by the research analyst named on the front page (the "Producer"). The Producer is solely responsible for the views and estimates expressed in this report. The report has been prepared independently. The content of the research report was not influenced by the issuer of the analysed financial instrument at any time. It may be possible that parts of the research report were handed out to the issuer for information purposes prior to the publication without any major amendments being made thereafter.

3. Organisational Requirements

Hauck Aufhäuser Lampe Privatbank AG took internal organisational and regulative precautions to avoid or accordingly disclose possible conflicts of interest in connection with the preparation and distribution of the research report. All members of Hauck Aufhäuser Lampe Privatbank AG involved in the preparation of the research report are subject to internal compliance regulations. No part of the Producer's compensation is directly or indirectly related to the preparation of this financial analysis. In case a research analyst or a closely related person is confronted with a conflict of interest, the research analyst is restricted from covering this company.

4. Information Concerning the Methods of Valuation/Update

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.

Hauck Aufhäuser Lampe Privatbank AG uses the following three-step rating system for the analysed companies:

Buy: Sustainable upside potential of more than 10% within 12 months
Sell: Sustainable downside potential of more than 10% within 12 months.
Hold: Upside/downside potential is limited. No immediate catalyst visible.

NB: The ratings of Hauck Aufhäuser Lampe Privatbank AG are not based on a performance that is expected to be "relative" to the market.

The decision on the choice of the financial instruments analysed in this document was solely made by Hauck Aufhäuser Lampe Privatbank AG. The opinions and estimates in this research report are subject to change without notice. It is within the discretion of Hauck Aufhäuser Lampe Privatbank AG whether and when it publishes an update to this research report, but in general updates are created on a regular basis, after 6 months at the latest. A sensitivity analysis is included and published in company's initial studies.

5. Major Sources of Information

Part of the information required for this research report was made available by the issuer of the financial instrument. Furthermore, this report is based on publicly available sources (such as, for example, Bloomberg, Reuters, VWD-Trader and the relevant daily press) believed to be reliable. Hauck Aufhäuser Lampe Privatbank AG has checked the information for plausibility but not for accuracy or completeness.

6. Competent Supervisory Authority

Hauck Aufhäuser Lampe Privatbank AG are under supervision of the BaFin – German Federal Financial Supervisory Authority Bundesanstalt für Finanzdienstleistungsaufsicht), Graurheindorfer Straße 108, 53117 Bonn and Marie-Curie-Straße 24 – 28, 60439 Frankfurt a.M.

This document is distributed in the UK under the Temporary Permission Regime for EEA firms and in compliance with the applicable FCA requirements.

7. Specific Comments for Recipients Outside of Germany

This research report is subject to the law of the Federal Republic of Germany. The distribution of this information to other states in particular to the USA, Canada, Australia and Japan may be restricted or prohibited by the laws applicable within this state.

8. Miscellaneous

According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published under:

<https://www.hal-privatbank.com/en/investmentbank/investment-banking>

Disclosures for U.S. persons only

This research report is a product of HAUCK AUFHÄUSER LAMPE PRIVATBANK AG, which is the employer of the research analyst(s) who has prepared the research report. The research analyst(s) preparing the research report is/are resident outside the United States (U.S.) and are not associated persons of any U.S. regulated broker-dealer and therefore the analyst(s) is/are not subject to supervision by a U.S. broker-dealer, and is/are not required to satisfy the regulatory licensing requirements of FINRA or required to otherwise comply with U.S. rules or regulations regarding, among other things, communications with a subject company, public appearances and trading securities held by a research analyst account.

This report is intended for distribution by HAUCK AUFHÄUSER LAMPE PRIVATBANK AG, only to "Major Institutional Investors" as defined by Rule 15a-6(b)(4) of the U.S. Securities and Exchange Act, 1934 (the Exchange Act) and interpretations thereof by U.S. Securities and Exchange Commission (SEC) in reliance on Rule 15a 6(a)(2). If the recipient of this report is not a Major Institutional Investor as specified above, then it should not act upon this report and return the same to the sender. Further, this report may not be copied, duplicated and/or transmitted onward to any U.S. person, which is not the Major Institutional Investor.

In reliance on the exemption from registration provided by Rule 15a-6 of the Exchange Act and interpretations thereof by the SEC in order to conduct certain business with Major Institutional Investors, HAUCK AUFHÄUSER LAMPE PRIVATBANK AG, has entered into an agreement with a U.S. registered broker-dealer, Marco Polo Securities Inc. ("Marco Polo"). Transactions in securities discussed in this research report should be effected through Marco Polo or another U.S. registered broker dealer.

Contacts: Hauck Aufhäuser Investment Banking

HAIB Research

Hauck Aufhäuser Investment Banking
Mittelweg 16/17
20148 Hamburg
Germany

Hauck Aufhäuser Investment Banking
Goetheplaza 9-11
60311 Frankfurt am Main
Germany

Tel.: +49 (0) 40 414 3885 91
Fax: +49 (0) 40 414 3885 71
E-Mail: research@ha-ib.de
www.ha-research.de

Tim Wunderlich, CFA
Head of Transactional Research
Tel.: +49 40 414 3885 81
E-Mail: tim.wunderlich@ha-ib.de

Marie-Thérèse Grübner
Head of Research
Tel.: +49 40 450 6342 3097
E-Mail: marie-therese.gruebner@ha-ib.de

Alexander Galitsa
Analyst
Tel.: +49 40 414 3885 83
E-Mail: alexander.galitsa@ha-ib.de

Christian Glowa
Analyst
Tel.: +49 40 414 3885 95
E-Mail: christian.glowa@ha-ib.de

Christian Salis
Analyst
Tel.: +49 40 414 3885 96
E-Mail: christian.salis@ha-ib.de

Jonah Emerson
Analyst
Tel.: +49 69 2161 1825
E-Mail: jonah.emerson@ha-ib.de

Jorge González Sadornil
Analyst
Tel.: +49 40 414 3885 84
E-Mail: jorge.gonzalez@ha-ib.de

Nicole Winkler
Analyst
Tel.: +49 69 2161 1856
E-Mail: nicole.winkler@ha-ib.de

Simon Jouck
Analyst
Tel.: +49 40 450 6342 3093
E-Mail: simon.jouck@ha-ib.de

Simon Keller
Analyst
Tel.: +49 40 414 388 573
E-Mail: simon.keller@ha-ib.de

HAIB Sales

Alexander Lachmann
Equity Sales
Tel.: +41 43 497 30 23
E-Mail: alexander.lachmann@ha-ib.de

Carlos Becke
Equity Sales
Tel.: +44 203 84 107 97
E-Mail: carlos.becke@ha-ib.de

Christian Bybjerg
Equity Sales
Tel.: +49 414 3885 74
E-Mail: christian.bybjerg@ha-ib.de

Hugues Madelin
Equity Sales
Tel.: +33 1 78 41 40 62
E-Mail: hugues.madelin@ha-ib.de

Imogen Voorspuy
Equity Sales
Tel.: +44 203 84 107 98
E-Mail: imogen.voorspuy@ha-ib.de

James Bonsor
Equity Sales
Tel.: +44 203 84 107 96
E-Mail: james.bonsor@ha-ib.de

Markus Scharhag
Equity Sales
Tel.: +49 89 23 93 2813
E-Mail: markus.scharhag@ha-ib.de

Vincent Bischoff
Equity Sales
Tel.: +49 40 414 38 85 88
E-Mail: vincent.bischoff@ha-ib.de

HAIB Trading

Hauck Aufhäuser Investment Banking
Privatbank AG
Mittelweg 16/17
20148 Hamburg
Germany

Tel.: +49 40 414 3885 78
Fax: +49 40 414 3885 71
E-Mail: info@hal-privatbank.com
www.hal-privatbank.com

Fin Schaffer
Trading
Tel.: +49 40 414 38 85 98
E-Mail: fin.schaffer@hal-privatbank.com

Nils Carstens
Trading
Tel.: +49 40 414 38 85 85
E-Mail: nils.carstens@ha-ib.de

Tom Warlich
Middle-Office
Tel.: +49 40 414 3885 78
E-Mail: tom.warlich@hal-privatbank.com

Martin Aruschanjan
Middle-Office
Tel.: +49 40 450 6342 35 87
E-Mail: martin.aruschanjan@hal-privatbank.com