Eckert & Ziegler AG

12 April 2010

Basic report

Analyst

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Evaluation result

BUY

(previously NEUTRAL)

Fair value

€ 27.44

(previously € 24.00)

Bank M
Repräsentanz der biw Bank für Investments und Wertpapiere AG

FY 2009 Reporting - Operative Records

- Record sales and best operative result in company history
- 2009, again, is characterized by special effects
- Two capital increases successfully completed
  - Financing of Nuclitec GmbH acquisition
  - Extension of „Environmental Services"
  - Increasing strategic flexibility
  - Improving balance sheet quality: Equity ratio now at 54%
- Nuclitec already clearly adds to top and bottom line results
- Therapy segment - due to turnaround of IBt - significantly contributes to group success
  - Break-even sustainably accomplished
  - Special effect by release of provision to P&L
  - Re-entry into the US market
  - 2010: Takeover bid to IBt shareholders increases stake significantly and now extends economical participation in IBt to 72%
- Recommended dividend payout for 2009: €0.45 per share (previous year: €0.30)

Eckert & Ziegler (EZAG) is a specialist in processing and application of radioactive isotopes. The Company produces radiation components and radioactive compounds for use in industrial measurement engineering, in nuclear-medical imaging, and in diagnosis and therapy for the treatment of cancer. Within many niches of the isotope market, EZAG enjoys a global or European leadership.

In FY 2008, total revenues amounted to €101.4 Mill. (+41.6%, YoY) resulting in a net profit of €7.5 Mill. (ex special effects) attributable to EZAG´s shareholders. This translates into an increase in profitability from operations by 116% compared to last year. Before special effects, EBIT doubled to €14.6 Mill. (+116%, YoY, c.p.) with an improvement of margin by 5%-age points. Operating cash flow marks a new record with €22.1 Mill. (+157%); liquid funds at year end amounted to €43.7 Mill.

Key data / Earnings

Year	Sales (mln €)	EBITDA (mln €)	EBIT (mln €)	EBT (mln €)	adj. net (mln €)	adj. EPS (€)	DPS (€)	EBIT-Margin	Net-Margin
2009	101.4	27.9	16.4	15.2	7.5	1.97	0.30	16.2%	7.4%
2010e	109.8	21.7	15.6	13.8	8.4	1.60	0.45	14.2%	7.7%
2011e	118.7	25.2	18.7	16.8	10.4	1.98	0.51	15.7%	8.8%
2012e	128.1	29.1	22.1	20.1	12.6	2.40	0.59	17.2%	9.9%
2013e	137.1	33.2	25.7	23.7	15.0	2.85	0.72	18.7%	10.9%

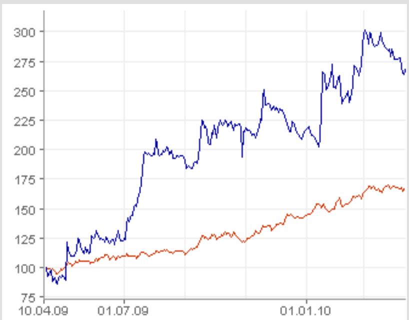
Source: BankM-Research

Sector	Medical Technology
WKN	565970
ISIN	DE0005659700
Bloomberg/Reuters	EUZ GY Equity
Accounting standard	IFRS
Financial year	Dec 31
Financial report Q1/2010	May 4, 2010
Market segment	Regulated Market
Transparency standard	Prime Standard

Financial ratios

	2010e	2011e	2012e
EV/Sales	1.4	1.3	1.2
EV/EBITDA	7.0	6.0	5.2
EV/EBIT	9.7	8.1	6.9
P/E adj.	13.5	11.0	9.0
Price/Bookvalue	1.4	1.3	1.1
Price/FCF	-1.2	4.0	2.5
ROE	11.2	12.8	14.2
Dividend yield	2.1	2.4	2.7

Number shares (million)			5.260
Market cap / EV (million €)			114,2/ 152,1
Free float			62.1%
Ø daily trading vol. (3M, in €)			471.6
12 months high/low (XETRA-close)			€ 24.88/7.55
Price Apr 9, 2010 (XETRA-close)			21.71
Performance	1M	6M	12M
absolute	-8.4	11.8	174.8
relative	-7.7	-17.6	110.0
Benchmark index			MEDTECH PERFORM.



Eckert & Ziegler AG (blue/black), Performance 1 year vs. DAX Subsector MedTech (red/grey)

Source: Deutsche Börse AG

Content

Investment Criteria

- Leading position in numerous niches within the radio-isotope market; many product groups enjoy market leadership in Europe or world-wide
- Broad diversification of the product portfolio reduces risk regarding exposure to negative product-specific or macro-economic impacts
- Experienced and well-established management team with a proven capability to identify and to seize market opportunities; strategy characterized by pronounced acquisition activity
- New business field „Environmental Services“ (processing of radioactive waste) extends the scope of operations and strengthens value creation
- Double digit sales growth within 5 consecutive years
- Profitable throughout the past 5 years
- Management has always achieved its corporate objectives it announced. This is exemplified by fiscal year´s 2009 sales exceeding €100 Mill. as well as by advancing profitability and internal financing strength

Corporate Profile

Business Model

Broad, diversified product portfolio

Eckert & Ziegler AG (EZAG) is a holding with several, globally operating subsidiaries, grouped into three distinctive segments, each addressing a homogeneous clientele. The segment “Therapy” provides products for radiation therapy, including weak radioactive implants for the treatment of prostate cancer; the segment “Radiopharmacy” combines products for use in nuclear medicine; the industry segment includes radioactive raw materials and components for the application as calibration reference standards.

The product portfolio consists of 16 major product groups:

Segment “Therapy”

1. Implants for the therapy of prostate cancer
2. Radiation devices for tumor therapy
3. Therapeutic accessories
4. Ophthalmological products
5. Other therapy products

Segment “Industry”

6. Radioactive components for industrial measurement engineering
7. Radiation sources for nuclear-medical imaging
8. Radiation sources for calibration and measurement
9. Raw isotopes and other products
10. Environmental services
11. Disposal of radioactive waste

Segment „Radiopharmacy“

12. Radioactive contrast agents (tracers)
13. Modular synthesizer devices (Modular Lab)
14. Radio-isotope generators (Cyclotrons)
15. Radiopharmaceuticals (Yttrium-90)
16. Contract manufacturing

Strength: Identifying and implementing opportunities

In its history, the Company repeatedly has accomplished corporate strategic measures in order to extend its market position and to flexibly adapt to market movements and opportunities. This strategy materializes in a pronounced acquisition activity of whole business entities or selected products as well as in the termination of individual business fields, which do not meet management´s expectation regarding return of equity.

In addition, management places emphasis on internal development activities, e.g. the development of the product group “Modular Lab” for the on-site production of radiopharmaceuticals as well as innovations in the advancement of implants for the treatment of prostate cancer.

Balanced risk profile based on broad diversification of product portfolio

While the common denominator of operations is the processing, application and commercialization of radiation sources, the Company´s product portfolio is well diversified due to the defined markets and clientele addressed by the individual segments. This results in individual sensitivities regarding unfavorable market-specific or macro-economic influences and thus strengthens the overall risk profile of the Company significantly. Compared to its competitors, EZAG is unique in integrating such a broad and diversified product portfolio within one company group. To our knowledge, there is no competitor with a comparable spectrum of products; rather, we identify specialized companies with a focus on individual segments or product groups.

Internationally operating company

Eckert & Ziegler is running its business on a global basis, with some exceptions owing to a particular, product-specific regional competitive environment. Hence, several major product groups are marketed in selected geographies, only, e.g. seeds for prostate brachytherapy (currently distributed in Europe and adjacent regions; recently, IBt initiated its re-entry into the US market via a strategic alliance with Californian seeds manufacturer Core Oncology, Inc.) or raw isotopes in North America. The distribution strategy consists of a mix of direct and indirect approaches, basically depending on regional conditions.

During FY 2009, the group´s average headcount increased to >500 in large part attributable to the inclusion of Nuclitec personel. The Company currently employs people in Europe, the US, and other countries.

Current Developments During FY 2009 To Date

Acquisition of Nuclitec

In January 2009, EZAG acquired nuclitec GmbH, Braunschweig and its affiliates nuclitec sarl, France, and nuclitec Inc., USA. The long-established isotope specialist nuclitec used to trade under the names of QSA Global GmbH and QSA Global sarl and ranks among the most established companies in the sector, worldwide. It has been producing radioactive components for the medical and measurement engineering field for over 30 years. The purchase price agreed upon for the companies and for the cash reserves remaining in the companies was €6.6 Mill., and was financed in part by a capital increase.

New business field: Environmental Services

As a result of the acquisition, the group strengthened its segments "Industry" and "Radiopharmaceuticals". In addition, the scope of business activities has been extended to "Environmental Services" being integrated within the Industry segment; this new business resides within the newly founded and fully owned subsidiary "Kompetenzzentrum für sichere Entsorgung, GmbH (KSE; Competence Center for Safe Waste Disposal)" and will be operating as a separate fourth segment from 2010 onwards.

Weak, short-lived radioactive waste deriving from clinics, scientific institutes, and from industry are being collected, processed, stored and combusted upon radioactive decay. Long-lived radioactive waste is being collected in so-called Konrad containers and conditioned for ultimate disposal in the "Schacht Konrad", Salzgitter (mine shaft named after Konrad Ende, former supervisory chairman of Salzgitter AG). In 2007, the Federal Administrative Court (Bundesverwaltungsgericht) has approved the shaft for ultimate disposal (start in 2013). About 25% of the revenues are generated with foreign orders for the processing of radioactive waste; for ultimate disposal, the processed waste is being transported back to the country of origin.

Strong expertise and know how in the conditioning of weak radioactive waste

According to management, Nuclitec is one the few private firms with a relevant expertise in tandem with a local infrastructure for the conditioning of radioactive waste in "Konrad" containers at the required quantity. This task is typically performed by government agencies (Landessammelstellen). Further, Nuclitec enjoys a special permit for interstate transportation of radioactive waste within Germany. A special, proprietary deposit planning software allows for optimal container filling resulting in cost advantages and improved margins.

In 2009, Nuclitec significantly contributed to the Industry segment´s growth with 34%, i.e. €17.8 Mill. of segment´s total revenues. In addition, Nuclitec´s radiopharmaceutical Yttrium-90 (Yttriga) contributed ca. €3.3 Mill. to the top line of the segment Radiopharmacy.

Joint Venture with Russian State Fund

With the foundation of a Joint Venture between the Russian State Fund Rusnanotech Corp. and the marketing company Santis Ltd., Eckert & Ziegler´s associated company International Brachytherapy S.A. (IBt BEBIG) expands its position within the Russian Federation and strengthens the sales base for weak radioactive implants (seeds) for the treatment of prostate cancer beyond the European core regions. The joint enterprise „NanoBrachyTech", in which IBt BEBIG holds a 15% minority stake, is supposed to commence production and distribution in Russia, the Ukraine, Byelorussia, and Kazakhstan, in 2011. Currently, the market volume for weak radioactive implants in the Russian Federation is merely at €3 Mill., but the growth rates are significant. Within the recent years, IBt BEBIG was able to gain a strong position in this geography via

distributors; the establishment of a local production and distribution facility is likely to strengthen and expand this competitive advantage.
The Joint Venture´s terms of agreement envisage the construction of a production site and the transfer of manufacturing know-how by IBt, resulting in a total of ca. €10 Mill. of revenues (deliveries and respective license payments). Already in 2009, payments amounting to €8 Mill. were cashed-in. Those payments will be recongnized in P&L during the following years.

Russian market strengthened by Joint Venture

With the inception of the operative business of “NanoBrachyTech“ in 2011, the hitherto existing sole operations of IBt BEBIG will be reduced to a minority share of 15%. However, this strategy should pay off for the following reasons:

- In the years 2009 and 2010, significant payments were (will be) booked timely pursuant to the delivery and license agreements for the construction of the production line
- Regional production and in particular local distribution will promote the increase of sales volume within the Russian Federation; as a positive side effect, import tax becomes obsolete
- With the beginning of production in 2011, IBt anticipates to realize additional earnings resulting from the delivery of raw materials and license fees within the Joint Venture

Re-entry into the US market

On Dec 2, 2009, EZAG´s fully consolidated portfolio company „International Brachytherapy S. A. (IBt Bebig)“ reported on the conclusion of a comprehensive strategic alliance with California based “Core Oncology, Inc.“. The agreement marks a first step towards a potential future acquisition of Core Oncology, a company with revenues totaling ca. $20 Mill. and 60 employees. The agreement calls for covering initially the cross marketing of products of both companies and the definition of mutual R&D programs regarding radiation therapy of prostate cancer. As part of the agreement, IBt Bebig made a $2 Mill. investment in Core Oncology. The investment has taken the form of a subordinated loan maturing before the end of 2010. Both groups are investigating the possibilities for further collaboration. The board of Eckert & Ziegler expects already in 2010 stimuli from the close collaboration for further growth in revenues and profits of the Therapy segment.

Due to a harsh competitive environment entailing declining margins, EZAG´s therapy segment (seeds) retired from the US market in 2003 and the seeds business was profitably sold to Theragenics Corp. Also IBt terminated its US business in 2007, since their operations in this market were in deficit.

Expansion into the US now attractive

Meanwhile, the US market has retrieved attractiveness as a result of the consolidation within the relevant competitive arena, leading to the stabilization of margins. Given economies of scale regarding production costs (attributable to an increased sales volume), IBt Bebig is now in the position to offer competitive prices and to again address this largest local market with a sales volume of €200 Mill.

Core Oncology is distributing $Iodine^{125}$- and $Palladium^{103}$-based seeds through an aggressively developed nationwide distribution network and ranks – according to their own statement – as one of the Top 4 regarding market share.

The current action regarding the US market re-entry in tandem with the strategic alliance described above substantiates EZAG´s expansion strategy as previously announced by management.

In our view, this strategy unfolds additional upside potential regarding sales and earnings in combination with a favorable risk-reward profile. We consider the short-term loan as a reasonable and manageable investment in order to endorse a locally operating partner and to substantiate the commitment for a long-term relationship.

Contract Manufacturing

In October ´09, EZAG has signed a 10-year contract with the US-based drug development company Molecular Insight Pharmaceuticals (MIPI) for the production of a radio-therapeutical peptide (a Somatostatin analogon) designed for the treatment of neuroendocrine tumors. We anticipate this manufacturing contract to entail a signaling effect, which will attract further sponsors active in the development and production of radiotherapeuticals; EZAG as a leading player in radiopharmacy should be amongst their premier partners.

Capital increases

In 2009 EZAG has completed two capital increases in cash. In February, the Company issued 628.633 new shares resulting in €3.1 Mill. fresh capital. In December, the Company raised €21.5 Mill. via the issuance of 1.35 Mill. new shares. Both corporate actions were operated by BankM as the Sole Lead Manager.

2010: Takeover bid IBt

With an acceptance rate of 55.1% in the context of a mandatory takeover bid, EZAG further expanded its stake in International Brachytherapy S.A. (IBt Bebig) from 38.5% to 71.9%. In light of IBT´s achievements in terms of clear profitability (according to preliminary financials for FY 2009) and the potential to even further unfold potential synergies - in particular with respect to administrative functions (by way of example, IBt´s former CEO resigned from the firm by mutual amicable agreement thereby streamlining management structure) - we perceive the initial liquidity burden resulting from the stake extension as by all means justifiable. Further, it may be conceivable in our view if EZAG satisfied the cash demand - at least in part - via debt (for EZAG, we perceive favorable conditions with a maximum of 4.5% interest). This approach would attenuate the initial liquidity charge and help to avoid a potential negative impact on operational flexibility.

Company History

2010	In the context of a mandatory takeover bid, EZAG increases its stake in IBT from 38.5% to71.9%; acceptance quote was at 55%
2009	EZAG submits a mandatory takeover bid for IBt
	Successful capital increase with proceeds amounting to €21.5 Mill.
	IBt enters into a comprehensive partnership with the Californian seeds manufacturer Core Oncology, Inc. thereby initiating its re-entry into the US market
	Foundation of a Joint Venture between IBt and the Russian State Fund to produce and to market seeds for the treatment of prostate cancer in Russia

	EZAG is being commissioned by the US-based drug developer Molecular Insight Pharmaceuticals as their contract manufacturer for a novel cancer drug for the treatment of neuro-endocrine tumors
	Acquisition of the isotope specialist nuclitec GmbH, Braunschweig
	Capital increase amounting to €3.1 Mill. for partial financing of the Nuclitec acquisition
2008	Sale of the Afterloader business and further products for cancer therapy (revenues ca. €10 Mill.) to the Belgian company International Brachytherapy S.A. (IBt)
	The Californian subsidiary Eckert & Ziegler Isotope Products, Inc. acquires the industrial sources business from its competitor North American Scientific
	Asset transfer of the subsidiary Eckert & Ziegler BEBIG GmbH into the Belgian company International Brachytherapy S.A. (IBt). Eckert & Ziegler holds 29.9% of IBt´s shares
2007	Acquisition of the radiopharmaceutical producer MC Pharma GmbH, Bonn
2006	Discontinuation of the clinical development of SpondylAT®, a compound against rheumatoid arthritis
	Sale of the branch „Blood radiation devices“
	Start of operations of Pharmtrace klinische Entwicklung GmbH, a joint venture between Eckert & Ziegler AG and a group of specialized physicians
2005	Eckert & Ziegler acquires the worldwide rights and production know-how for SpondylAT® from Salzgitter Altmann Therapie GmbH & Co. KG, Salzgitter
	The Californian subsidiary Isotope Products Laboratories Inc. acquires the complete assets from Analytics Inc. in Atlanta, Georgia
	Acquisition of a 51% stake in f-con Europe GmbH and change of name into Eckert & Ziegler f-con Europe GmbH. The company, based in Hessen, distributes radioactively labeled sugar (PET tracer) in Germany and Italy via subsidiaries
	Acquisition of a 70% stake in EURO-PET Berlin Zyklotron GmbH, Berlin-Adlershof, a cyclotron operating company
2004	Divestiture of interests in NEMOD GmbH (development of radio-labeled antibodies)
	Acquisition of the medical technology branch (MMI) from HEK GmbH, Lübeck
	Acquisition of CNL Scientific Resources International, USA (raw materials agent)
	Acquisition of a majority stake in the distribution subsidiary Isotope Products Europe Blaseg (IPE) GmbH, Waldburg
	Acquisition of the radiation device branch from CIS bio International, France
2003	Segment change of Eckert & Ziegler stock into the Prime Standard of Frankfurt Stock Exchange (Frankfurter Börse)
2001	Foundation of BEBIG Italia s.r.l., Mailand, an Italian distribution office of BEBIG GmbH

EZAG enters the business field „Immunology“ via tumor vaccine specialist NEMOD GmbH

2000 Acquisition of the branch “Surgiscope Medical Roboters“ from Medtronic Surgical Navigation Technologies

Acquisition of the radiation sources business from DuPont Pharmaceuticals, Boston (nuclear-medical and industrial radiation sources)

Stake in Isotope Products Europe Blaseg (IPE) GmbH, Waldburg, (distribution of industrial radiation sources)
Capital increase in cash with proceeds amounting to €17 Mill.

1999 Initial Public Offering (Neuer Markt, Frankfurt)

Acquisition of Isotope Products Laboratories (IPL) Inc., California (development and production of radiation sources for industrial, scientific, and medical applications)

1997 Foundation of Eckert & Ziegler Strahlen- und Medizintechnik AG, Berlin as a Holding with several specialized spezialisierten subsidiaries (processing of radio-isotopes; development, production, and distribution of isotope components, medical devices, and related products)

1995 Foundation of EUROTOPE Entwicklungsgesellschaft für Isotopentechnologien mbH, Berlin (development of production lines, specialty radiation sources, and recycling processes for radioactive compounds)

1994 Foundation of BEBIG Trade Inc., Chicago, an office of BEBIG GmbH for the distribution in North America

Stake in Cesio s.r.o., Prag (production of intermediate products, and industrial radiation sources)

1993 Foundation of BEBIG Trade GmbH as a joint venture with Russian partners (office of BEBIG GmbH for the distribution outside the US and Canada

1992 Foundation of BEBIG Isotopentechnik und Umweltdiagnostik GmbH (BEBIG GmbH), Berlin by Dr. Andreas Eckert and Jürgen Ziegler

Management

The management board consists of Dr. Andreas Eckert, Dr. Edgar Löffler and Dr. André Heß. The following table lists the members of the executive board and annotates their respective responsibilities:

Name (*date of birth)	Member since	appointed until	Scope of resonsibility
Dr. Andreas Eckert, CEO (*1960)	01.07.1997	31.12.2010	CEO, Investor Relations, Finance, Business Development, Segment "Industry"
Dr. Edgar Löffler (*1953)	07.05.2001	31.12.2012	Segment Therapy
Dr. André Heß (*1965)	01.03.2008	28.02.2011	Segment Radiopharmacy

Dr. Andreas Eckert (*1960), CEO of Eckert & Ziegler AG

After completing his studies in macroeconomics/political economics and sociology in Heidelberg and New York, he worked for several years at the United Nations in New York. He then received teaching contracts for marketing and financing of small and medium companies at the Fachhochschule für Technik und Wirtschaft in Berlin. For several years Dr. Eckert has worked as an independent consultant and in 1992 he co-founded the BEBIG Isotopentechnik und Umweltdiagnostik GmbH with Jürgen Ziegler. This company is now a subsidiary of Eckert & Ziegler.

Dr. Edgar Löffler (*1953), Member of the Board of Eckert & Ziegler

After completing his doctorate studies in physics in Heidelberg, he worked for several years in the medical physics realm. He joined Nucletron as Head Product Manager and completed his tenure as General Manager of Theranostic GmbH, a German subsidiary of Nucletron. In May 2001 Dr. Löffler was recruited as a member of the Board of Directors of Eckert & Ziegler, where he initially was responsible for restructuring of the segment “Industry”. Since 2003, he is responsible for the segment “Therapy”.

Dr. André Heß (*1965), Member of the Board of Eckert & Ziegler

After completing his doctorate studies in chemistry and studies in industrial engineering and management, he worked for several years as scientific assistant at the Humboldt University in Berlin. He joined the Eckert & Ziegler Group in 1996, initially as radiochemist and later as Head of Development and General Manager of different subsidiaries within the Group. In March 2008 Dr. André Heß was recruited as a member of the Board of Directors of Eckert & Ziegler.

Shareholder Structure

Shareholder	No. Shares	in %
Eckert Wagniskapital und Frühphasenfinanzierung GmbH*	1,721,986	32.7%
Jürgen Ziegler	142,717	2.7%
Eckert & Ziegler AG	129,933	2.5%
Free Float	3,265,647	62.1%
Total	5,260,283	**100.0%**

*formerly: Eckert Consult GmbH

Products

I. Segment „Therapy“

The therapy segment consists of three product lines for use in near-surface radiation of tumors, the so-called brachytherapy: small, permanent implants loaded with radioactive Iodine for the treatment of early prostate cancer (“seeds”), Afterloader for radio-therapy of tumors, accessible from the outside through orifices via probe guidance, and specific radiation sources for the treatment of eye tumors.

Implants for the treatment of prostate cancer (seeds)

„seeds“ for the treatment of prostate cancer

The treatment with radioactive seeds is applicable for tumors in early stages, only. The indication depends on the classification of the tumor and is based on a combination of three clinical parameters, whose values are presented in so-called “Partin tables”. These schemes reflect the probability of a tumor to progress to more advanced stages, i.e. the risk of the tumor to spread beyond the prostate capsule. The following table exhibits the relevant parameters for the application of the seed-based brachytherapy:

Parameter	Value/Degree	Comment
TNM classification	T1	not palpable, detectable by histology, only
	T2	localized to the prostate, not infiltrating
Gleason score	<7	Degree of differentiation
PSA value	<10	Serum level of prostate-specific antigen

In the course of a minimally invasive treatment, the patient´s prostate is loaded with 50 - 100 seeds via a hollow needle; the seeds – each 4.5mm long and 0.6mm in diameter – remain in the prostate capsule tissue (permanent brachytherapy). The Iodine isotope employed is a weak radiation source with a half-life of ca. 60 days, i.e. the radioactivity halves ca. every 2 months (radioactive decay). Due to its minimally invasive nature, permanent brachytherapy is suitable for outpatient treatment, taking ca. 1 hour; however, reimbursement policies in certain geographies compensate for inpatient treatment, only (see below). Compared to surgical intervention, e.g. radical prostate ablation (prostatectomy), the minimally invasive treatment results in significantly less side-effects, like incontinence or impotence.

Seed zur Behandlung des frühen Prostatakarzinoms
Source: Eckert und Ziegler

Positive long-term follow-up results with minor side effects

In light of positive longterm clinical results (*Sahgal A., and Roach M.: Permanent Prostate Seed Brachytherapy: A Current Perspective on the Evolution of the Technique and Its Application. Nat. Clin. Pract. Urol. 4(12):658-670, 2007*), the percentage of post-treatment incontinence is below 1% (prostatectomy: 5 – 30%) and the occurrence of impotence is in the range of 15 – 25% (prostatectomy: 50 – 100%). However, radical prostate interventional surgery is still - at least in Europe - a conventional procedure, even with locally confined tumors (T1/T2 staging). The table below summarizes the currently applied treatment options, with their respective advantages and associated risks:

Treatment options	Description	Advantages	Risks/Disadvantages
Radical prostatectomy	Ablation of the prostate and possibly of neighbouring lymph nodes	Progression of the tumor inherently not possible	Impotence, Incontinence uncomfortable surgical procedure entailing extended hospitalization Bleeding, infection
Hormone therapy	Drug tretament to lower testosterone level	Applicable even in more advanced tumors	applicable for hormone-sensititive tumors, only
External radiation	Cancer cells are being destroyed by high energy x-rays; daily treatment over a period of 6-8 weeks	Efficient in the treatment of early tumor stages Can be combined with surgery or brachytherapy	Radiation-induced injury of adjacent organs (bladder, rectum) Unneccessary radiation exposure of larger body regions
Brachytherapy	Implantation of small radioactive seeds into the prostate tissue	Minimally invasive, inpatient treatment Short recovery time, low rate of impotence and incontinence	Applicable for tumors in early stages, only
Cryotherapy	Cancer cells are being destroyed by local freezing	Preserves surrounding, healthy tissue	Premature technology Injury of adjacent tissue possible increased impotence rate Effectivity not proven, yet Still expensive
High Intensity Focused Ultrasound (HIFU)	Cancer cells are being destroyed by heating the tissue through high-energy ultrasound	Minimally invasive Subsequent surgery associated with increased risk due to fibrotic processes	Long-term results currently not at hand Effectivity not proven, yet

Source: Klinik für Prostata-Therapie, Heidelberg und andere Sourcen, modifiziert: BankM Research

The seed therapy has been approved as an adequate alternative to conventional surgical intervention by the German Medical Association (Bundesärztekammer) and the National Association of Statutory Health Insurance Physicians (Kassenärztliche Bundesvereinigung; see: *Brüggemann M. et al.: Permanente interstitielle Brachytherapie (Seed-Implantation) bei lokal begrenztem Prostatakarzinom, HTA-Bericht 2005*). Long-term clinical data (up to 12 years post-treatment observation period), surveyed in this comprehensive health technology assessment report, confirm the low incidence of side effects, i.e. impotence and incontinence.

Restricted reimbursement policies in Germany

Since December 2003, inpatient seed implantation is being reimbursed by the German public health insurance system; compensation for outpatient treatment is subject to individual arrangement. The table below shows the reimbursement policies of selected European Countries:

DRG = Diagnosis related group

Country	Regulation
Belgium	Full reimbursement
Germany	Reimbursement according to DRG (inpatient), outpatient per individual agreement
England	Full reimbursement
France	Reimbursement within a fixed budget in public cancer centers; general reimbursement in private clinics
Netherlands	Full reimbursement
Italy	Varying reimbursement schemes (regional differences)
Spain	Full reimbursement
Switzerland	Reimbursement of a fixed amount

Source: Eckert und Ziegler AG

In France, EZAG enjoys a strong market position for a long time. With a current market share of ca. 60%, the Company is the clear market leader. This position is, amongst others, substantiated by a long-term agreement with the "Institut Curie", the country-wide leading cancer research and treatment center.

During FY 2008, EZAG combined its therapy business with the Belgian company IBt.

Afterloader

Afterloader are radiation devices for the temporary, near-surface therapy of tumors within disease-specific time intervals. The encapsulated radioactive source is guided to the tumor through the respective body orifice via a probe (intra-cavity brachytherapy). Indications for this type of radiation therapy are especially gynecological tumors, but also head and neck cancers and tumors of the breast and prostate. Depending on the underlying disease and specific indication, a high dose radiation therapy (HDR) or low dose radiation therapy (LDR) is applied. While HDR is performed within an outpatient treatment scheme, LDR requires inpatient treatment for at least three days. The following table shows the indications suitable for Afterloader treatment:

Multisource-Afterloader

Source: Eckert und Ziegler

Product	Type	Indication
Curietron	LDR	Cervical cancer
Multisource	HDR	Tumors of: Bladder, breast, uterus, cervix, brain neck, lung, prostate, throat, tongue

Source: Eckert und Ziegler AG

EZAG focuses on long-lived radiation sources

While Afterloader marketed by competitors use the isotope Iridium-192 with a half-life of 74 days, EZAG instead employs Cobalt-60 with a half-life of 5.3 years as the radiation source. For the customers, the prolonged radioactive decay entails higher, comparative cost efficiency as well as a reduced dependence on complex logistics, which are otherwise essential for short-lived isotopes (*Richter J. et al.: Comparison of ^{60}Cobalt and ^{192}Iridium Sources in High Dose Rate Afterloading Brachytherapy. Strahlentherapie und Onkologie, Vol. 184 (4), 187-192, 2008)*. These features prove advantageous regarding radiotherapy performed in developing and emerging countries: in 2007, a HDR device (Multisource) was delivered to India for the first time, and, in the same year, a major follow-up order from Venezuela was received; in 2008, a major order for the delivery of Multisource devices, exceeding €2 Mill., was received from Kazakhstan, the Ukraine, Russia, and Armenia.

Innovator in Afterloader technology

For decades, the use of the well established isotpe Cobalt-60 for use in brachytherapy was limited to defined treatment protocols, only. This was attributable to the large dimensions of the radiation source; EZAG, in an innovative approach, succeeded in further miniaturizing the radiation source to a length of 3.5mm and a diameter of 0.5mm, which allow their application in Afterloader devices.

The Afterloader technology was integrated into the segment by the acquisition of the respective businesses of Schering and HEK/MMI in 2004. Synergies emerge from distribution (brachytherapy from 1 source) as well as from the vertical integration: EZAG is not only selling the devices, but at the same time provides for the radioactive components needed to run them.

In addition to the core products within the therapy segment as described above, accessories like applicators for seeds, radiation protection shields, etc. complement the product portfolio.

During FY 2008, EZAG has combined its theraoy business with the Belgian company IBt (see chapter “Market and Strategies”).

With sales amounting to €30.3 Mill., the segment „Therapy“ contributed 30% of the total sales volume in 2009.

II. Segment „Industry“

The Industry segment comprises the production and processing of nuclear-physical components for usage as calibration reference standards in nuclear imaging, i.e. gamma cameras and PET (Positron Emission Tomography). These imaging systems are core devices in nuclear medicine.

Numerous industrial applications

The segment further includes scientific and industrial applications of the isotope technology. Radiation sources are deployed for calibration purposes and quality control for materials testing, e.g. in the iron and steel industry, energy supply industry, plant engineering, or chemical industry. By the acquisition of the industry radiation source business from the US competitor North American Scientific, EZAG – via the US subsidiary EZIP (Eckert & Ziegler Isotope Products, Inc.) - was able to further expand its global leading position in this segment. In 2008, the Company benefitted from an exceptional boom, triggered by intensified oil exploration activities vis-à-vis dramatically increasing crude oil prices. EZAG´s radiation sources are being employed, amongst others, in the radiometric analysis of sediment density.

By acquisition of the German company Nuclitec (Braunschweig) in Jan 2009, EZAG has strengthened its portfolio and its market presence within the segment. Within the framework of the takeover, the new business “Environmental Services” was acquired and will be operating in a separate segment from 2010 onwards.

With sales amounting to €51.7 Mill., the Industry segment contributed 51% of the total sales volume in 2009.

III. Segment „Radiopharmacy“

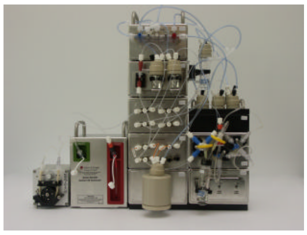
The segment „Radiopharmacy“ includes cyclotron products (tracers) and laboratory-scaled modular synthesizers for their on-site production by the medical personel.

Long-term relationship with Charité

This segment was established upon the acquisition of the cyclotron company EURO-PET Berlin Zyklotron GmbH (Berlin-Adlershof) in 2005. In the same year, EZAG entered into a partnership with the Charité Berlin for the production and development of radiopharmaceuticals, followed by a 5-year contract for the production of radiopharmaceuticals for the Charité.

Radiopharmaceuticals are short-lived isotope-labeled compounds used in nuclear medicine as diagnostic contrast agents in PET. This diagnostic procedure is usually being performed in combination with Computer Tomography, allowing the precise localization of tumors and their metastases. EZAG produces the contrast agent ^{18}Fluor-Desoxyglucose (FDG) in its own cyclotrons (particle accelerators); the radioactively labeled sugar specifically accumulates in tumors due to their high energy demand.

Contrast agents needed for PET are short-lived radioactive compounds, which cannot be produced on stock and stored; instead, they have to be produced freshly on a daily basis. Given this shortcoming, EZAG is developing easy-to-use synthesizers, i.e. flexible modular configurations for the on-site production of radiopharmaceuticals („Modular Lab“), e.g. radioactive FDG, choline for use in differential diagnosis of prostate cancer, and cost-effective Gallium-labeled peptides.



Modular Lab
Source: Eckert & Ziegler AG

Limited reimbursement in Germany

Compared to the situation in the US, where PET is a broadly applied diagnostic procedure, adoption in Europe is still lagging behind. This is mainly due to restrictive reimbursement policies on the part of public health insurance agencies; in Germany, costs associated with a PET procedure are reimbursed by private insurance companies, only, or based on individual arrangements. Since 2005, specific indications, e.g. certain forms of lung cancer, are being recognized within the public health insurance reimbursement scheme; in Sep 2008, reimbursement benefits have been added for further tumor indications. We anticipate a significant growth potential for PET in Germany and Europe due to the still limited penetration.

By the acquisition of Nuclitec, the segment´s portfolio has been extended with Yttrium-90, an EMEA-approved radiopharmaceutical (brand name: Yttriga) used as a primary product for the on-site generation of radio-therapeutic peptides and antibodies being developed for cancer therapies. After divesting the development of the radio-labeled antibody “Pankomab” in 2004, EZAG now re-enters – albeit indirectly - the field of drug-based radio oncology. Further to its use in the production of radio-biologicals, Yttrium-90 is sold as a radiation source for medical devices used in cancer therapy.

In October ´09, EZAG has signed a 10-year contract with the US-based drug development company Molecular Insight Pharmaceuticals (MIPI) for the production of a radio-therapeutical peptide (a Somatostatin analogon) designed for the treatment of neuroendocrine tumors. We anticipate this manufacturing contract to entail a signaling effect, which will attract further sponsors active in the development and production of radiotherapeuticals; EZAG as a leading player in radiopharmacy should be amongst their premier partners.

With sales amounting to €19.4 Mill., the Radiopharmacy segment contributed 19.1% to the total sales volume in 2009.

Markets and Strategies

Eckert & Ziegler - via its operating subsidiaries - is active in niche markets focusing on medical and industrial applications of radio-isotopes. The Company has gained significant market shares in several product groups or products. The diversification into various segments as described in chapter “Products” reduces the risk vis-à-vis the exposure of negative product-specific and cyclical impacts.

Proven capability to realize and implement market opportunities

A unique characteristic of the Company´s strategy is its flexible adaptation to market conditions regarding product portfolio and geographical reach. Besides organic growth, EZAG´s management is continuously concerned to identify and realize new opportunities in order to increase value, both by acquisitions and holdings, but also by divestitures. For this reason, we describe and analyze the relevant markets in tandem with a critical consideration of the respective market strategies.

I. Segment "Therapy"

Regional focus on selected markets

So far, it was EZAG´s strategic decision to market its prostate implants exclusively in Europe and neighboring countries, in particular Russia. With the foundation of a Joint Venture between the Russian State Fund Rusnanotech Corp. and the marketing company Santis Ltd., Eckert & Ziegler´s associated company International Brachytherapy S.A. (IBt BEBIG) expands its position within the Russian Federation and strengthens the sales base for weak radioactive implants (seeds) for the treatment of prostate cancer beyond the European core regions.

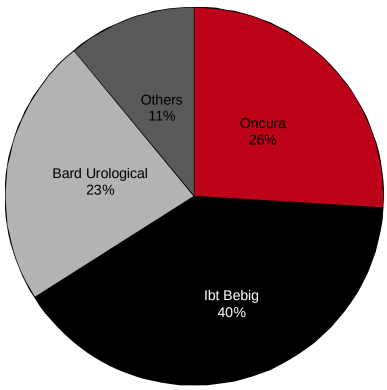
With the conclusion of a comprehensive strategic alliance with California-based "Core Oncology, Inc." in Dec 2009, IBt Bebig initiated its re-entry into the US market. The agreement marks a first step towards a potential future acquisition of Core Oncology, a company with revenues totaling ca. €20 Mill. and 60 employees. The agreement calls for covering initially the cross marketing of products of both companies and the definition of mutual R&D programs regarding radiation therapy of prostate cancer. The board of Eckert & Ziegler expects already in 2010 stimuli from the close collaboration for further growth in revenues and profits of the Therapy segment.

40% market share within the seed business

The European market for permanent prostate implants is at ca. €40 Mill.; IBt Bebig enjoys a market share of 40% and hence is the market leader in this region. In the US, the market volume is at ca. €140 Mill., with Core Oncology having a market share of ca. 11-12%.

The distribution of current market share in Europe is shown in the figure below:

European seed market (ca. €40 Mill.)



Source: IBt Bebig, 2010

The major competitors within the seed market are Oncura and Bard Urological.

Global competitors with significant resources

Globally, Oncure is the market leader within the seed sector. The company belongs to GE Healthcare and hence is very likely to enjoy, at least in principle, significantly higher resources compared to EZAG. However, we perceive a compensation of such a comparative imbalance by a more focused budget allocation EZAG is able to imply.

Likewise, Bard Urological is a subsidiary of a broadly diversified MedTech company (C.R.Bard). Within its Urology segment, brachytherapy products represent a fraction of the portfolio, only, and hence the focus on such products may be less pronounced as compared to EZAG. In the company´s annual reporting, they state that sales volume within their urological segment has declined comparing 2009 with 2009 and that this decline is mainly attributable to brachytherapy products; in our view, this may - at least in part - result from a diluted focus.

Market penetrations still expandable

Given the fact that, within Europe, only ca. 9% of early prostate cancer are treated with seeds, we perceive a significant growth potential in this market. Likewise, the potential in the US with a penetration of 23% regarding seeds therapy, is by far not exploited, yet. The advantages of brachytherapy compared to more conventional regimens are summarized in the following table:

Treatment	Cost	Hospital stay	Effectivity	Recovery
Surgery	25,000	7-10 days	70-95%	40-60 days
External Beam	€ 8-30,000	30-40 daily visits	70-90%	Variable
Brachytherapy	€ 5-10,000	1 day	85-98%	2-3 days

Source: IBt Bebig, 2010

Innovations, such as the current development of plastic encapsulated seeds and the extension towards the brachytherapeutic treatment of breast cancer will have a positive impact on sales.

The combination and concentration of EZAG´s and IBt´s "Therapy" businesses within one unit, resulted in an increased market presence, especially in Benelux and UK, where EZAG held a limited market share in the past. Consequently, EZAG´s seed business has been following Oncura as the hitherto European market leader. Given the continuing realization of synergies regarding production and distribution, we anticipate further positive impacts on segment´s growth.

With its subsegment „Afterloader", EZAG is a niche player with ca. 5% of global market share; according to management, the global volume for Afterloader is at €225 Mill. Major markets are in Russia, South America, Asia, and the Middle East. In FY 2009, Afterloader sales increased by 61%. Market leaders in this segment are the US company Varian and Dutch-based Nucletron.

II. Segment "Industry"

Global market leader with significant FX exposure

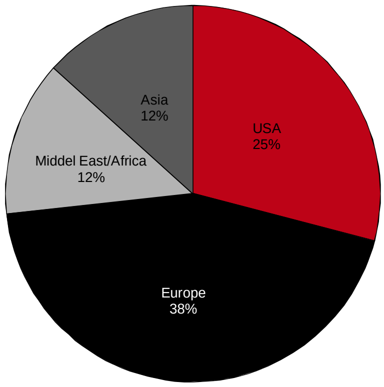
This segment includes the production and distribution of radioactive components for industrial measurement engineering, radiation sources for nuclear-medical imaging, sources for calibration and measurement, and raw isotopes. With 51% of total sales in 2008, it is - again - the largest segment within the group. EZAG enjoys a share of ca. 70% of the global market, which is estimated at €60 - €80 Mill. Upon the acquisition of Nuclitec, market share within certain categories has increased to 100%. In 2009, 52% of the segment´s revenues were generated in the US, entailing a significant exposure to the $/€ exchange rate with effects on the Company´s top line and operating results (see chapter "FX Exposure").

EZAG´s global leadership is largely driven by acquisitions: Nuclitec GmbH (2009), Analytics, Inc. (2005), and purchase of the branch “Industry sources” from the competitor North American Scientific (2008).

Exceptional boom triggered by demand for radiation sources used in oil exploration

In 2008, the segment experienced an exceptional boom, triggered by a strongly increased demand for radiation sources, emerging from intensified oil exploration activities vis-à-vis dramatically increasing crude oil prices. We perceive the segment´s future growth in step with the global GDP.

Regional distribution of sales



Source: Eckert und Ziegler

Due to the radioactive decay of isotopes, the Industry segment benefits from a “natural” demand from customers, who have to replace the radio-isotopes on a regular basis. This leads to recurring revenues which we estimate at 50% of the segment´s total volume.

The “Asse” project: an open-end issue

In our previous updates, we have discussed the opportunity regarding the extension of EZAG´s new business “Environmental Services” in light of the recovery of radioactive waste from the mine shaft “Asse”. This issue now has turned into a political issue; therefore, management has only limited influence on the progress of the current discussion. The municipalities in the proximate vicinity of the mine shafts are reluctant regarding an intermediate waste storage and conditioning site in their immediate neighborhood. For instance, the site in Braunschweig, which we previously perceived ideal for the segment´s extension into the temporary storage and conditioning of the Asse-derived waste is currently being blocked due to a municipal development freeze decision. It is especially this location that - beside its vicinity to the mine shaft “Asse” – would have the advantage to being connected to the infrastructure of the already existing site. Currently, management evaluates alternative offers from other municipalities.

“Environmental Services” contribute €5 Mill. to sales

The business “Environmental Services”, which resides within the newly founded and fully owned subsidiary “Kompetenzzentrum für sichere Entsorgung, GmbH (KSE; Competence Center for Safe Waste Disposal)” and which will be operating as a separate segment from 2010 onwards, has contributed ca. €5 Mill.to sales, in 2009. Even if the “Asse” project should strand, It is the expertise and infrastructure in combination with a portfolio of special permits that position the KSE ideally within the market of radioactive waste salvage and conditioning.

The segment, with production plants in Braunschweig (Germany), the US and the Czech Republic, is being operated by the subsidiary Eckert & Ziegler Isotope Products, Inc. (EZIP).

III. Segment "Radiopharmacy"

In 2009, the Radiopharmacy segment contributed 19% (€19.4 Mill.) to total sales. Sales drivers are the radiopharmaceutical Yttrium-90, acquired via the Nuclitec transaction, the radioactive PET tracer "FDG" and the product group "Modular Lab" (lab-scaled synthesis devices for the on-site production of radiopharmaceuticals).

Prominent market position in Europe

EZAG is the second largest supplier in Europe and market leader in Germany for PET isotopes (tracers). In 2008, ca. 32.000 dose units were sold in Germany, Benelux, Poland and Scandinavia. The production and distribution of radioactive tracers are regionally decentralized and involve several local subsidiaries.

In 2009, a total of ca. 250 synthesis devices were sold by all market participants; EZAG sold 50 units reflecting a market share of ca. 20%.

The segment is characterized by organic growth and strategic acquisitions: the purchase of the radiopharmaceutical company MC Pharma GmbH in 2007 expanded EZAG´s leading position; the acquisition of nuclitec in January 2009, extended the portfolio by an EMEA-approved starting product for the synthesis of radio-biologicals (see above).

The largest European competitor within this segment is the Belgian IBA Group S.A. with 2009 sales of €360 Mill. As does EZAG´s Radiopharmacy segment, they offer a broad spectrum of products relating to nuclear imaging as well as cyclotron-based products.

Financial Analysis

The Eckert & Ziegler group has organized its business operations into three segments:

1. Industry
2. Therapy
3. Radiopharmacy

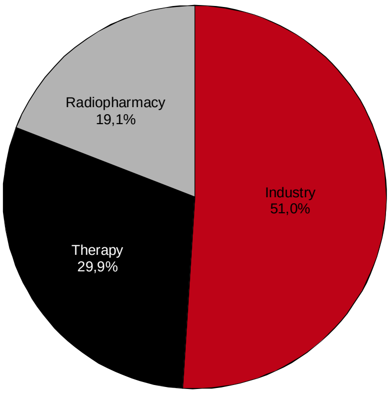
FY 2009 characterized by special effects

2009, again is characterized by special effects in the context of the consolidation of the former competitor IBt. The impacts will be shown and discussed below.

Profit & Loss Account / Segment Discussion

During the reporting period, total revenues increased by 41.6% to €101.4 Mill. The major part of revenues was again generated within the segment "Industry" amounting to €51.7 Mill. (+74%), followed by the segments "Therapy" with €30.3 (+12%), and "Radiopharmacy" with €19.4 (+32%). The distribution of segment revenues 2009 is shown in the figure below:

Segmentumsätze



Source: Eckert und Ziegler AG

Turnaround through synergies

The **Industry segment** contributed €51.7 Mill, i.e. 51% to total sales. The major part of the €21.9 Mill. in sales growth, namely €17.8 Mill. or 81%, is attributable to Nuclitec, acquired during the reporting period. The remaining 19% result from organic growth, in large attributable to the robust drill hole sources, launched in the preceding year. In sum, this segment is the most profitable one contributing €5.5 Mill. (73%) to adjusted group result. The continuing realization of synergies in the context of the integration process shall unfold positive impacts on operating results and net margins, in the future.

The **Therapy segment** has developed into an earnings machine. Segment sales of €30.3 Mill. translate into €1.1 Mill. in earnings after minorities and without special effects. In 2009, the fully consolidated company IBt has clearly achieved break-even with a net result of €4.4. The turnaround was made possible by the combination with EZAG´s therapy segment (Bebig GmbH) and the consistent realization of synergies in production and distribution. While the margin pressure on seeds (see chapter "FX Exposure") entailed constant revenues, only, sales of Afterloaders increased significantly by 61%. At year end, the number of installed devices increased to 111. Despite a medium-term decline in profitability of the seeds business, we anticipate positive effects on sales and earnings growth in the long-run, given the continued realization of synergies, the market launch of the new implant generation as well as the expansion into the US market. In addition, the business with Russia will contribute noticeably.

Positive prospects for break-even

The **Radiopharmacy** segment generated revenues of €19.4 Mill. reflecting a growth rate of 32%. The major part of this growth, i.e. 72%, is attributable to Nuclitec´s radiopharmaceutical Yttrium-90 (Yttriga). Sales within the product group „Modular Lab" and radio-diagnostics increased by 14% and 7%, respectively. The segment has not yet reached break-even but losses were reduced noticeably from T€321 to T€72. Additional potential arises from the Gallium generator for the production of more cost-effective PET tracers. According to management, launch is scheduled for 2010.

The group net result is €21.9 Mill. before minorities; accounting for minority gains, the net result attributable to EZAG´s shareholders is €13.25 Mill. (€3.50/share). The adjusted result without special effects and after minorities is €7.454 Mill. (1.97/share).

Special effects

The P&L 2009 ist characterized by special effects relating to the consolidation of IBt: €11.3 Mill. of income tax loss carry-forwards and temporary differences were subsequently capitalized and booked as deferred taxes. According to IFRS 3.65, this benefit shall be realized in income tax. Accordingly, the book value of the goodwill was reduced by €4.4 Mill. and this impairment was realized as expense on the P&L sheet. At the same time, minorities´ capital gains increased by €7.3 Mill. due to the realization of the deferred taxes.

Further, the provision amounting to €7.1 Mill. was released to the P&L. This provision was booked in 2008, reflecting the risk of a potential mandatory takeover bid for IBt.

Costs relating to the legal dispute and the takeover procedure totaled T€908 and are realized as expense.

FX Exposure

36% of revenues are exposed to FX risk

36% of group revenues were billed in US-Dollar, implying a significant exchange rate risk on sales and earnings. During FY 2009, the Dollar noticeably recovered; the average exchange rate dropped from 1.48 in 2008 to 1.38 in 2009 entailing a positive effect of 2,4% on the relevant P&L positions.

Furthermore, the exchange rate has an impact on the competitive situation: a favorable Dollar rate encourages US competitors within the seed business (Therapy segment) to intensify their activities in the European markets, despite high transportation costs. During FY 2009, this effect was negligible due to a strengthened Dollar. However, this correlation induced a pressure on margins which was successfully counteracted by EZAG via the realization of the aforementioned synergies.

Given the uncertainties during the Fiscal Year to date and beyond, we have not included die FX risk into our forcasts.

Profit & Loss Account

Fiscal Year 31/12 • IFRS in T€	09a	10e	11e	12e	13e	10e	11e	12e	13e	5Y - CAGR
						y-o-y changes (%)				
Total Sales	**101,399.0**	**109,782.9**	**118,669.9**	**128,090.1**	**137,056.4**	**8.3**	**8.1**	**7.9**	**7.0**	**13.9**
Cost of Sales	50,275.0	53,334.0	57,058.1	60,947.0	64,528.0	6.1	7.0	6.8	5.9	11.5
% of Sales	*49.6%*	*48.6%*	*48.1%*	*47.6%*	*47.1%*					
Gross Profit	**51,124.0**	**56,448.9**	**61,611.8**	**67,143.1**	**72,528.4**	**10.4**	**9.1**	**9.0**	**8.0**	**16.3**
Distribution Expenses	18,425.0	18,850.6	19,783.2	20,713.2	21,477.8	2.3	4.9	4.7	3.7	7.3
% of Sales	*18.2%*	*17.2%*	*16.7%*	*16.2%*	*15.7%*					
General & Admin. Expenses	19,083.0	18,663.1	19,580.5	20,494.4	21,243.7	-2.2	4.9	4.7	3.7	7.8
% of Sales	*18.8%*	*17.0%*	*16.5%*	*16.0%*	*15.5%*					
R&D Expenses	2,496.0	3,293.5	3,560.1	3,842.7	4,111.7	32.0	8.1	7.9	7.0	5.8
% of Sales	*2.5%*	*3.0%*	*3.0%*	*3.0%*	*3.0%*					
Other Operating Income	9,339.0	0.0	0.0	0.0	0.0					
Other Operating Expenses	4,996.0	0.0	0.0	0.0	0.0					
Income from Ord. Business	**15,463.0**	**15,641.7**	**18,688.0**	**22,092.8**	**25,695.1**	**1.2**	**19.5**	**18.2**	**16.3**	**21.8**
Foreign exchange gains/losses	147.0	0.0	0.0	0.0	0.0					
Other Financial Items	808.0	0.0	0.0	0.0	0.0					
Financial Result	955.0	0.0	0.0	0.0	0.0					
EBIT	**16,418.0**	**15,641.7**	**18,688.0**	**22,092.8**	**25,695.1**	**-4.7**	**19.5**	**18.2**	**16.3**	**22.1**
% of Sales	*16.2%*	*14.2%*	*15.7%*	*17.2%*	*18.7%*					
Interest Income	68.0	50.0	50.0	50.0	50.0					
Interest Expenses	1,331.0	1,900.0	1,950.0	2,000.0	2,050.0					
EBT	**15,155.0**	**13,791.7**	**16,788.0**	**20,142.8**	**23,695.1**	**-9.0**	**21.7**	**20.0**	**17.6**	**23.3**
Taxes on Income (incl. deferred taxes)	-6,737.0	4,137.5	5,036.4	6,042.8	7,108.5					
t/o deferred taxes	*11,795.0*	*0.0*	*0.0*	*0.0*	*0.0*					
Net Profit before minorities	**21,892.0**	**9,654.2**	**11,751.6**	**14,100.0**	**16,586.6**	**-55.9**	**21.7**	**20.0**	**17.6**	**40.4**
Minorities	8,642.0	1,216.4	1,338.0	1,471.8	1,619.0					
Net Profit	**13,250.0**	**8,437.8**	**10,413.5**	**12,628.1**	**14,967.6**	**-36.3**	**23.4**	**21.3**	**18.5**	**27.2**
% of Sales	*13.1%*	*7.7%*	*8.8%*	*9.9%*	*10.9%*					
Adjustments	-5,796.0	0.0	0.0	0.0	0.0					
Adjusted Net Profit	**7,454.0**	**8,437.8**	**10,413.5**	**12,628.1**	**14,967.6**	**13.2**	**23.4**	**21.3**	**18.5**	**34.2**
% of Sales	*7.4%*	*7.7%*	*8.8%*	*9.9%*	*10.9%*					
For Information purposes										
Depreciation & Amortization	*11,525.0*	*6,038.1*	*6,526.8*	*7,045.0*	*7,538.1*	-47.6	8.1	7.9	7.0	**-3.8**
% of Sales	*11.4%*	*5.5%*	*5.5%*	*5.5%*	*5.5%*					
EBITDA	*27,943.0*	*21,679.8*	*25,214.8*	*29,137.7*	*33,233.2*	*-22.4*	*16.3*	*15.6*	*14.1*	**12.3**
No. of Shares (Ø outstanding)	3,783	5,260	5,260	5,260	5,260	39.0	0.0	0.0	0.0	n.a.
Net Profit/Share (EPS)	3.50	1.60	1.98	2.40	2.85	-54.2	23.4	21.3	18.5	14.7
Adjusted Net Profit/Share (adj. EPS)	1.97	1.60	1.98	2.40	2.85	-18.6	23.4	21.3	18.5	21.0

Source: BankM Research

Cash Flow Statement

The cash flow from operating activities reached a new record with €22.1 Mill. (+157%). The two capital increases added €22.9 Mill. to cash; considering capital spending of €9.7 Mill., liquid funds increased from €7.3 Mill. to €43.7 Mill. Of these, €20 Mill. are currently not at EZAG´s disposal, since they were deposited for the IBt takeover bid (as of Dec 31, 2009).

Cash position year end: €43.7 Mill.

Cash Flow Statement

Fiscal Year 31/12 • IFRS	09a	10e	11e	12e	13e	10e	11e	12e	13e	5Y - CAGR
in T€						y-o-y changes (%)				
Net Profit	**21,892.0**	**9,654.2**	**11,751.6**	**14,100.0**	**16,586.6**	**-55.9**	**21.7**	**20.0**	**17.6**	**40.4**
+ Depreciation & Amortisation	11,525.0	6,038.1	6,526.8	7,045.0	7,538.1	-47.6	8.1	7.9	7.0	-3.8
+ Chg. in long-term Provisions	-6,821.0	-1,000.0	-1,000.0	-1,000.0	-1,000.0	-85.3	0.0	0.0	0.0	n.a.
= Cash Earnings	**26,596.0**	**14,692.3**	**17,278.4**	**20,144.9**	**23,124.7**	**-44.8**	**17.6**	**16.6**	**14.8**	**2.7**
- other non-cash items	11,018.0	-1,574.4	-1,731.9	-3,374.9	-2,095.6					
- Chg. in Net Working Capital	-6,534.0	3,846.5	4,125.5	4,417.6	2,015.5	n.a.	7.3	7.1	-54.4	-187.8
= Operating Cash Flow	**22,112.0**	**12,420.2**	**14,884.8**	**19,102.3**	**23,204.7**	**-43.8**	**19.8**	**28.3**	**21.5**	**22.0**
- Capex	9,698.0	31,082.6	9,493.6	10,247.2	10,964.5	220.5	-69.5	7.9	7.0	15.0
= Free Cash Flow	**12,414.0**	**-18,662.4**	**5,391.2**	**8,855.1**	**12,240.2**	**n.a.**	**n.a.**	**64.2**	**38.2**	**31.3**
+ Net Other Items	476.0	0.0	0.0	0.0	0.0	-100.0	0.0	0.0	0.0	-100.0
- Dividends (Previous Year)	1,132.0	2,367.0	2,700.1	3,124.1	3,788.4	109.1	14.1	15.7	21.3	37.0
- Payout minorities	409.0	449.9	494.9	544.4	598.8					
+ Increase in Share Capital	23,929.0	0.0	0.0	0.0	0.0					
- Outflow from Share Buy Backs	436.0	0.0	0.0	0.0	0.0					
+/- Bank Loans	1,521.0	10,000.0	5,000.0	5,000.0	5,000.0					
= Incr. in Cash (+)/Decr. in Cash (-)	**36,363.0**	**-11,479.3**	**7,196.2**	**10,186.6**	**12,853.0**	**-131.6**	**-162.7**	**41.6**	**26.2**	**34.4**

Source: BankM Research

Balance Sheet

Both, the special effects in the context of the consolidation of IBt, and the acquisition of Nuclitec GmbH have a significant impact on the group´s balance sheet. The balance sheet extended from €98.8 to €161.9 Mill. (+64%) basically due to the following changes:

Extension of balance sheet to €161.9 Mill.

- two capital increases (CI) raised subscribed capital by €2 Mill. and the share premium by €22 Mill. While the proceedes resulting from the first CI were used for partial financing of the Nuclitec acquisition, the proceeds from the second CI were not invested till Dec 31, 2009. Meanwhile, part of the proceeds have been utilized for the financing of the IBt takeover
- in the context of the Nuclitec acquisition, pension provisions amounting to €5.3 Mill. were booked
- a €7.7 Mill. increase in provisions resulting in large part (€6.1 Mill.) from long-term provisions for the commitment (emerging from the Nuclitec takeover) to process own and third-party radioactive residual materials
- advance payments of €8 Mill. resulting from the Russia project; these payments were cashed-in but have not been realized on the P&L
- minorities increased by €8.3 Mill., €7.3 Mill. of which result from the subsequent capitalization of deferred taxes (basically IBt´s cumulated loss carry-forwards from previous years)

The provision for the IBt takeover issue posted in FY 2008 was completely released to P&L, since its rationale became obsolete due to the sustainably increased IBt share price. For an in-depth discussion of the issue please refer to our basic study from Apr 1, 2009 (p.7) and to our update from May 5, 2009 (pp. 4-5).

The goodwill resulting from the first consolidation of IBt was impaired by €4.4 Mill. in the framework of the subsequent realization of deferred taxes described above; this impairment was realized as expense on the P&L sheet. The Nuclitec acquisition entailed a goodwill of €5.6 Mill.

During FY 2009, equity ratio noticeably improved from 43% to 54% and basically results from the two capital increases and the high year end result

Our balance sheet forecast for 2010 et seqq. considers an investment of € 22.3 Mill. for the IBt shares tender in the context of the takeover bid finalized on March 24, 2010. We understand, that this investment will be funded with a mix of equity and debt. The participation in IBt´s economic success increased from 38.5% to 71.9%. Since IBt has been fully consolidated in FY 2008, there are no corresponding additional assets on the group´s balance sheet. In terms of a subsequent Purchase Price Accounting, we are posting a goodwill of €16.0 Mill. in 2010. This amount results from multiplication of 71.9% interest in IBt with the investment of €22.3 Mill. At the same time, minorities decline by €5.4 Mill. corresponding to the reduced stake in IBt.

Balance Sheet

Fiscal Year 31/12 • IFRS in T€	09a	10e	11e	12e	13e	10e	11e	12e	13e
Assets						% of Balance Sheet Total			
Tangible Assets	27,253.0	37,127.1	41,873.86	46,997.47	52,479.73	21%	22%	23%	25%
Intangible Assets	42,123.0	58,272.6	57,679.2	57,038.8	56,353.5	33%	30%	28%	27%
t/o Goodwill	*22,503.0*	*39,451.0*	*39,451.0*	*39,451.0*	*39,451.0*	22%	21%	19%	19%
Deferred Tax	11,795.0	10,220.6	8,488.7	5,113.8	3,018.2	6%	4%	2%	1%
Other Fixed Assets	1,760.0	1,760.0	1,760.0	1,760.0	1,760.0	1%	1%	1%	1%
Total Fixed Assets	**82,931.0**	**107,380.2**	**109,801.8**	**110,910.0**	**113,611.4**	**60%**	**58%**	**54%**	**54%**
Inventories	12,631.0	13,675.4	14,782.4	15,955.8	17,072.7	8%	8%	8%	8%
Accounts Receivable	16,204.0	17,543.8	18,964.0	20,469.4	21,902.2	10%	10%	10%	10%
Total Liquid Funds	43,674.0	32,194.7	39,390.9	49,577.5	49,577.5	18%	21%	24%	23%
Other Current Assets	6,464.0	6,998.5	7,565.0	8,165.5	9,297.5	4%	4%	4%	4%
Total Current Assets	**78,973.0**	**70,412.3**	**80,702.2**	**94,168.2**	**97,850.0**	**40%**	**42%**	**46%**	**46%**
Balance Sheet Total	**161,904.0**	**177,792.5**	**190,504.0**	**205,078.2**	**211,461.4**	**100%**	**100%**	**100%**	**100%**
Liabilities						% of Balance Sheet Total			
Subscribed Capital	5,260.0	5,260.0	5,260.0	5,260.0	5,260.0	3%	3%	3%	2%
Share Premium	52,719.0	52,719.0	52,719.0	52,719.0	52,719.0	30%	28%	26%	25%
Retained Earnings & Other Reserves	18,426.0	24,496.8	32,210.2	41,714.3	41,714.3	14%	17%	20%	20%
Shareholders Equity	**76,405.0**	**82,475.8**	**90,189.2**	**99,693.3**	**99,693.3**	**46%**	**47%**	**49%**	**47%**
Minorities	10,254.0	6,118.4	7,456.4	8,928.3	10,547.3	3%	4%	4%	5%
Group Equity	**86,659.0**	**88,594.2**	**97,645.7**	**108,621.6**	**110,240.6**	**50%**	**51%**	**53%**	**52%**
Provisions	23,296.0	22,296.0	21,296.0	20,296.0	19,296.0	13%	11%	10%	9%
t/o Pension Provisions	*5,707.0*	*6,178.9*	*6,679.1*	*7,209.2*	*8,208.7*	*3%*	*4%*	*4%*	*4%*
Other Liabilities	51,949.0	66,902.3	71,562.3	76,160.6	81,924.8	38%	38%	37%	39%
Total Liabilities	**75,245.0**	**89,198.3**	**92,858.3**	**96,456.6**	**101,220.8**	**50%**	**49%**	**47%**	**48%**
t/o LT Liabilities	*41,247.0*	*52,389.3*	*53,069.6*	*53,509.4*	*52,319.8*	*29%*	*28%*	*26%*	*25%*
t/o ST Liab. <1Y	*33,998.0*	*36,809.0*	*39,788.8*	*42,947.2*	*48,901.0*	*21%*	*21%*	*21%*	*23%*
t/o Acc Payable & Adv. Paymts.	*12,431.0*	*10,968.7*	*9,370.4*	*7,631.6*	*8,165.9*	*6%*	*5%*	*4%*	*4%*
Balance Sheet Total	**161,904.0**	**177,792.5**	**190,504.0**	**205,078.2**	**211,461.4**	**100%**	**100%**	**100%**	**100%**

Source: BankM Research

Valuation

In order to calculate a fair value for EZAG´s stock, we applied two methods which allow for mutual validation and thus sensitize for the plausibility of each of the derived values.

1. Analysis of Free Cash Flows (DCF analysis)
2. Multiple analysis by means of peer group comparison

The derived values will be equally weighted.

DCF Analysis

For the analysis of Free Cash Flows we have applied a 3-stage model:

Phase I	2010 – 2013 (short-term planning)
Phase II	2014 – 2017 (mid-term prognosis)
Phase III	Terminal Value

The forecasting of future cash flows used in our model is based on the following sources:

- Annual report 2009
- Analyst phone conference on March 30, 2010
- Discussions with EZAG´s Executive Directors and Management
- Prospectus for the admission of new shares, dated Sep 29, 2009
- Prospectus for the Mandatory Takeover Bid, dated Feb 16, 2010
- Analysis of the relevant markets

On the occasion of EZAG´s analyst phone conference, management affirms that the current economic deteriorations have not yet affected the Company´s top line results. However, we cannot exclude such influence in the future, which may entail a negative impact on operating results. Consistently, our forecasts imply a certain degree of uncertainty.

Further, we cannot consider any potential acquisitions, which may – like in the past – have a significant impact on revenues and results. In light of the company history, our forecasts - based on organic growth - reflect a more conservative approach.

Time-weighted discounting of Free Cash Flows is a central element within the DCF valuation. As was the case already during the preceding year, there are methodical problems in calculating a risk premium by means of a market portfolio proxy (a broadly diversified index). Geometric returns over longer periods (CAGR over 5 – 10 years) are still not suitable due to their sharp decline in recent years.

However, during the preceding 12 months, large indices like the S&P 500 and the MSCI World have gained 48% and 40%, respectively. We feel comfortable with a risk premium of 10% and calculate a risk premium of 7.7%. In our calculation of the weighted average cost of capital (WACC) we assume a target capital structure of 60:40 (equity:debt).

Key Model Assumptions	
Riskfree Return	3.30%
Current Yield (D)	
Market Beta (relevered, adj. for target Capital Structure)	0.99
Beta im Terminal Value = 1	
Market Return	10.00%
Cost of Equity	**9.93%**
Target weight	*60%*
Cost of Debt	**8.00%**
Target weight	*40%*
Tax shield	26.3%
WACC	**8.32%**
Growth Rate Terminal Value	*1.00%*

DCF-Modell

DCF analysis based on future free cash-flows 2009-2016 + Terminal Value

						Prognose					
				Phase 1				**Phase 2**			Terminal Value
in T€ -		2009a	2010e	2011e	2012e	2013e	2014e	2015e	2016e	2017e	2018+
		Basis	**1**	**2**	**3**	**4**	**5**	**6**	**7**	**8**	
Growth		**42%**	**8%**	**8%**	**8%**	**7%**	**6%**	**6%**	**5%**	**4%**	**1%**
Revenues		**101,399.0**	**109,782.9**	**118,669.9**	**128,090.1**	**137,056.4**	**145,279.8**	**153,996.6**	**161,696.4**	**168,164.3**	
EBIT		**16,418.0**	**15,641.7**	**18,688.0**	**22,092.8**	**25,695.1**	**27,236.8**	**28,871.1**	**30,314.6**	**31,527.2**	
- Tax		-2,627.0	4,692.5	5,606.4	6,627.8	7,708.5	8,171.1	8,661.3	9,094.4	9,458.2	
+ Depreciation		11,525.0	6,038.1	6,526.8	7,045.0	7,538.1	7,990.4	8,469.8	8,893.3	9,249.0	
+ change in long-term provisions		-6,821.0	-1,000.0	-1,000.0	-1,000.0	-1,000.0	-1,000.0	-1,000.0	-1,000.0	-1,000.0	
- changes in net working capital		-6,534.0	3,846.5	4,125.5	4,417.6	2,015.5	1,848.5	1,959.5	1,730.9	1,453.9	
- other non-cash items		11,018.0	-1,574.4	-1,731.9	-3,374.9	-2,095.6	0.0	0.0	0.0	0.0	
- Capex		9,698.0	31,082.6	9,493.6	10,247.2	10,964.5	11,622.4	12,319.7	12,935.7	13,453.1	
= Free Cash Flow		**9,567.0**	**-17,367.4**	**6,721.2**	**10,220.1**	**13,640.2**	**12,585.2**	**13,400.4**	**14,447.0**	**15,411.0**	**15,565.1**
Terminal Value											211,528.6
Discount factor			0.92	0.85	0.79	0.73	0.67	0.62	0.57	0.53	
NPVs of Free Cash Flows		**n.a.**	**-16,033.7**	**5,728.6**	**8,041.7**	**9,908.7**	**8,440.2**	**8,296.8**	**8,257.8**	**8,132.4**	
NPV of Terminal Value											**111,293.1**
Valuation		**Anteil am EV**									
Result of Future Cash Flows	**40,772.5**	**27%**									
+ Result of Terminal Value	111,293.1	**73%**									
= Value of the Entity	**152,065.6**										
+ Cash	43,674.0										
- LT Debt	41,247.0										
- Minorities	10,254.0										
Value of Equity	**144,238.6**										
Price per Share	27.42										

Source: BankM Research

Sensitivity analysis NPV Terminal Value (TV)

Discount rate of TV

Growth Terminal Value	6%	7%	8%	8.36%	9%	10%	11%
0.25%	33.14	29.16	26.20	25.32	23.92	22.11	20.64
0.50%	34.43	30.10	26.92	25.98	24.49	22.57	21.02
0.75%	35.85	31.11	27.68	26.68	25.09	23.05	21.42
1.00%	37.40	32.21	28.51	27.42	25.72	23.56	21.83
1.25%	39.12	33.41	29.39	28.22	26.40	24.10	22.27
1.50%	41.03	34.71	30.33	29.08	27.13	24.67	22.73
1.75%	43.17	36.14	31.36	30.00	27.90	25.28	23.22

Source: BankM Research

In light of the uncertainties described above, our DCF analysis returns an equity value of €144.2 Mill., translating into €27.42 per share.

DCF-derived value: €27.42

Peer Group Analysis

As a leading player in distinct niche markets for radio-isotope applications, EZAG is unique regarding its broad product portfolio. It is almost impossible to identify „closest comparable competitors“, who comprehensively match EZAG's complete business spectrum. Instead, we have included companies listed in the German MedTech index. Among them are companies, which are producing and marketing medical devices and corresponding consumables (biolitec AG, Pulsion AG, etc.). Moreover, the selected companies reflect investor´s perception regarding the Medical Technology market in general.

Peer Group to reflect investor´s sentiment vis-à-vis the MedTech industry

Since all of the peer group companies are profitable within the forecasting period, we performed a comparison based on the P/E multiple as the most meaningful economic key figure. Below we include a brief description of the peer group companies:

aap Implantate AG is a small, rapidly growing niche player in developing, manufacturing and marketing implants and biomaterials for trauma and joint reconstruction. Its product portfolio includes implants for fracture healing and joint replacement, bone cements, bone graft substitutes and antibiotical carriers. In 2009, revenues amounted to €33.1 Mill.

biolitec AG is developing, manufacturing and marketing laser-based products for innovative medical therapies and other applications. The focus is on certain eye diseases, several kinds of cancer and dysplasias, pathological and cosmetic alterations of the skin, dental area and veterinary medicine. In addition, biolitec is producing photodynamic drugs (photo sensitizer). In 2008/2009, revenues amounted to €30.5 Mill.

Carl Zeiss Meditec AG is developing, manufacturing and marketing products and systems for ophthalmology and for neurosurgery and ENT-surgery (otolaryngology). The focus is on systems for the diagnosis of eye diseases and laser-based systems for their therapy. In 2008/2009, revenues amounted to T€640

IBt International Brachytherapy, S.A. is a subsidiary of Eckert & Ziegler AG and is developing, manufacturing and marketing products for the permanent (seeds) and temporary (Afterloader) brachytherapy for several tumors. In 2009, revenues amounted to €30.7 Mill.

Pulsion Medical Systems AG perceives itself as a technology leader in the area of minimal-invasive systems for diagnostic and therapeutic monitoring in intensive care and surgery, with a focus on cardiovascular monitoring. In addition, the company is producing and marketing a diagnostic drug as well as sterile disposables for their monitors. In 2009, revenues amounted to €28.1 Mill.

Stratec Biomedical Systems AG is developing and manufacturing medical devices for the detection and analysis of compounds in body fluids, especially in blood. The company is operating via subsidiaries in Germany, The USA, Great Britain, Switzerland, and Rumania. In 2009, revenues amounted to €79.6 Mill. (preliminary figures)

UMS United edical Systems International AG is offering innovative high-tech medical care concepts. The proprietary full service concepts are based on mobile device technologies including up-to-date medical systems for diagnosis and therapy in tandem with highly qualified personnel and a complete device management. In 2009, revenues amounted to €35.7 Mill. (preliminary figures)

W.O.M. World of Medicine AG is developing, manufacturing, and distributing medical devices for minimal-invasive surgery like pumping systems, insufflations systems, cameras, monitors, light sources, laser and video documentation. In addition, the company is offering the corresponding disposables for their devices. In 2009, revenues amounted to €31.8 Mill.

Company	Price	MarketCap (Mio.)	EPS 2009a	EPS 2010	EPS 2011	P/E 2009a	P/E 2010	P/E 2011
Europe								
aap Implantate AG	1.58	44.05	0.05	0.08	0.13	31.6	19.8	12.2
Biolitec AG	4.28	45.01	0.06	0.25	0.35	71.3	17.1	12.2
Carl Zeiss Meditec AG	11.73	953.36	0.62	0.65	0.72	18.9	18.0	16.3
IBt	3.36	58.98	0.27	0.40	0.30	12.4	8.4	11.2
Pulsion Medical Systems AG	3.07	29.40	0.05	0.29	0.40	61.4	10.6	7.7
Stratec Biomedical Systems AG	25.75	301.02	1.04	1.38	1.71	24.8	18.7	15.1
UMS Medical Syst. Intl AG	6.63	35.89	0.52	0.56	0.56	12.8	11.8	11.8
W.O.M. World of Medicine AG	9.42	84.80	0.16	0.00	n.a.	58.9	n.a.	n.a.
Median		**52.00**	**0.16**	**0.40**	**0.40**	**28.2**	**17.1**	**12.2**
Eckert & Ziegler AG	**21.71**	**114.20**	**1.97**	**1.60**	**1.98**	**11.0**	**13.5**	**11.0**

Prices as of Apr 9, 2010

Year	2010	2011
Implicit Price	**27.46**	**24.06**

Source: BankM Research

Implicit price based on 2010´s P/E: €27.46

On the basis of the peer group´s median P/E of 17.1 for the year 2010, we calculate an implicit price for EZAG´s share of €27.46; for 2011, the median P/E results in an implicit price/share of €24.06.

Valuation Summary

Our DCF analysis returns a price of €27.42/share; the multiple analysis, based on the median P/E in 2010, results in a price of €27.46. **Equally weighted, we calculate a fair value of €27.44 per EZAG share. We recommend to buy the stock.**

Fair value of the stock: €27.44

Development of EZAG´s Stock

Since the initiation of our coverage on April 1, 2009, EZAG´s share price more than tripled from €6.80 to €21.71 (Xetra close Apr 9, 2010) by almost 219%. During the same period, the benchmark (DAXSUBSEC. MEDICAL TECHNOLOGY PERFORMANCE) gained 81%, only.

Our previous fair value of €24.00, which we calculated for the first time on Jan 29, 2010 was repeatedly reached and topped several times with a peak at €24.40.

Based on daily stock price returns since January 1, the annualized volatility is at 56% with a mean daily trading volume of ca. 19.000 and a maximum of 151.000 pieces. Regarding FY 2009 up to Q1/2010, trading volume considerably increased in a consistent manner from quarter to quarter, reflecting investor´s increasing interest in the stock.

SWOT Analysis

Strengths

- Market leading positions in Brachytherapy (Europe) and in industrial applications of radio-isotopes (global)
- Ca. 20% of revenues are recurring, due to a continuous demand for the substitution of decayed isotopes
- Well diversified product portfolio reduces risk exposure vis-à-vis product-specific or economic influences
- Uniquely positioned regarding product range
- Management has repeatedly proven to successfully realize and implement market opportunities
- Realization of synergies through strategic acquisitions und holdings
- Opportunistic distribution strategy (direct and indirect, dependent on local conditions)

Weaknesses

- Regarding individual segments, competitors exist with significant capital resources
- Individual products within the Industry segment have a limited innovation potential with low growth rates (mature products); except "Environmental Services", which are operating as a separate segment from 2010 onwards
- Lacking or insufficient reimbursement policies on the part of public health insurance (Therapy and Radiopharmacy products)
- Strong exposure vis-à-vis $/€ exchange rates may significantly contribute to volatility of sales and earnings
- Regarding the pronounced Goodwill, value-oriented investors (Graham approach) may be hesitant vis-à-vis the current situation in the financial markets

Opportunities

- New business field „Environmental Services" with pronounced know how and existing infrastructure
- Expansion of the Therapy segment into the US market unfolds a significant sales and earnings potential
- Russia project (Joint Venture) strengthens sales base
- Segment „Radiopharmacy" will break-even soon Value drivers*:* established and novel tracers, Modular Lab, EMEA-approved radiopharmaceutical, contract maunfacturing

Threats

- Alternative methods for the treatment of early prostate cancer, notably HIFU, may cut top line results within the therapy segment
- Shortfall of key accounts
- A favorable US$ exchange rate encourages US competitors to sell their seeds in Europe thereby increasing margin pressure on prostate implants

Important information, disclosures and disclaimer

A. Important information

Equity investments generally involve high risks. Investors may lose some or all of the money invested. Potential investors should take into account that share prices may fall and rise and that income from an investment may fluctuate considerably. Past performance is no guarantee for future results. Investors make their decisions at their own risk.

B. Disclosures according to Section 34b of the German Securities Trading Act (WpHG) and the Ordinance on the Analysis of Financial Instruments (FinAnV):

I. Information about author, company held accountable, regulatory authority:

Responsible for the content of this document: biw Bank für Investments und Wertpapiere AG, Willich, Germany.

Author: Dr. Roger Becker, CEFA, Biologist

Regulatory authority for biw Bank für Investments und Wertpapiere AG is the Bundesanstalt für Finanzdienstleistungsaufsicht (BaFin), Graurheindorfer Straße 108, 53117 Bonn, Germany and Lurgiallee 12, 60439 Frankfurt am Main, Germany.

Issuer of the analyzed instrument is Eckert & Ziegler AG.

Notice according to sec. 4 §. 4 N° 4 FinAnV (previous publications regarding the issuer within the last 12 months):

Analyst	Date	Evaluation result	Fair value
Dr. Roger Becker	April 1, 2009	Buy	€10.56
Dr. Roger Becker	May 5, 2009	Buy	€10.56
Dr. Roger Becker	July 10, 2009	Buy	€14.50
Dr. Roger Becker	August 7, 2009	Neutral	€19.26
Dr. Roger Becker	November 4, 2009	Buy	€22,21
Dr. Roger Becker	November 16, 2009	Buy	€22,90
Dr. Roger Becker	December 17, 2009	Buy	€22,90
Dr. Roger Becker	January 29, 2010	Buy	€24.00
Dr. Roger Becker	March 25, 2010	Neutral	€24.00

II. Additional Information:

1. Sources of information:

Main sources of information for the compilation of this document are publications in national and international media and information services (e.g. Reuters, VWD, Bloomberg, dpa-AFX and others), financial newspapers and magazines (e.g. Börsenzeitung, Handelsblatt, Frankfurter Allgemeine Zeitung, Financial Times and others), specialist media, published statistics, rating agencies as well as publications by peer group companies and the company itself. Furthermore talks with the management of the issuer have been held. This document was made available to the issuer before publication to ensure the accuracy of the information provided. This resulted in no textual changes.

2. Summary of the valuation principles and methods used to prepare this document:

BankM – Repräsentanz der biw Bank für Investments und Wertpapiere AG uses a 3-tier absolute rating model. The ratings are the evaluation results and refer to a fair value pricing reflecting a time-horizon of up to 12 months.

BUY: The calculated fair value of the company's stock is at least 15 % higher than the current market price at the time of the compilation of this document.

NEUTRAL: The calculated fair value of the company's stock lies between –15% and +15 % of the current market price at the time of the compilation of this document.

SELL: The calculated fair value of the company's stock is at least 15 % lower than the current market price at the time of the compilation of this document.

The following valuation methods are being used: Multiple-based models (Price/Earnings, Price/Cash-flow, Price/Book value, EV/Sales, EV/EBIT, EV/EBITA, EV/EBITDA), peer-group comparisons, historical valuation approaches, discount models (DCF, DDM), break-up value and sum-of-the-parts-approaches, asset-based evaluation methods or a combination of the above. The used valuation models depend on macroeconomic factors, such as interest rates, exchange rates, raw materials and on basic assumptions about the economy. Additionally, market sentiment affects the valuation of companies. The valuation is also based on expectations that might change rapidly and without notice, depending on developments specific to individual industries. Rendered evaluation results and fair values derived from the models might therefore change respectively. The evaluation results in general relate to a 12-month horizon. However, evaluation results are subject to changing market conditions and represent only the situation at a given point of time. The evaluation results and fair value prices may in fact be achieved more quickly or slowly than expected by the analysts. Also, the evaluation results and fair value prices might need to be revised upward or downward.

3. Date of first publication of this document:

April 12, 2010

4. Date and time of prices of the instruments quoted in this document:

Closing prices of April 9, 2010

5. Updates:

A specific date or time for an update of this document has not been set. The information given in this document reflects the author's judgement on the date of this publication and is subject to change without notice; it may be incomplete or condensed and it may not contain all material information concerning the company covered.

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