

A close-up photograph of a woman with short brown hair, wearing a white lab coat. She is looking down at a piece of industrial equipment with a focused expression. The equipment has a yellow and silver metallic finish with various knobs and a digital display. The background is blurred, showing other parts of the machine and a pink wall.

2013

Quarterly Report II



Eckert & Ziegler

Key data Eckert & Ziegler

		01-06/2013	01-06/2012	Change
Sales	€ million	55.3	57.9	- 4 %
Return on revenue before tax	%	12 %	16 %	- 25 %
EBITDA	€ million	10.2	13.8	- 26 %
EBIT	€ million	6.9	10.0	- 31 %
EBT	€ million	6.5	9.0	- 28 %
Net income before other shareholder's interest	€ million	4.5	5.9	- 24 %
Net income	€ million	4.0	5.4	- 27 %
Earnings per share (basic)	€	0.75	1.03	- 27 %
Operational cash flow	€ million	0.9	8.7	- 90 %
Depreciation and amortization on non-current assets	€ million	3.3	3.8	- 12 %
Staff as end of period	Persons	613	593	3 %

Milestones



Dividend

A dividend in the amount of € 0.60 is decided at the Annual General Meeting on 17 May 2013.



Sources and waste business in the UK

Eckert & Ziegler AG acquires EnergySolution's UK sources and waste business. The business unit generated sales of around € 2.5 million in 2012 with its 12 employees and, following its acquisition, will significantly reinforce Eckert & Ziegler's role as an international company in the safe disposal and recycling of industrial, scientific and medical radiation sources.

Expansion in Austria

Eckert & Ziegler will purchase all shares in BSM Diagnostica Gesellschaft m.b.H., based in Austria. BSM is one of the leading providers in Austria of FDG (18F fluorodeoxyglucose), a radiodiagnostic used in positron emission tomography (PET) scanning. The acquisition will help Eckert & Ziegler's Radiopharma segment strengthen its presence in Austria and neighboring countries, and the company hopes to profit from the positive situation in terms of reimbursement for PET tests by Austria's statutory health insurance programs.



Business development of the Eckert & Ziegler Group

TREND REVERSAL IN THE SECOND QUARTER

Business performance in April, May and June was considerably better than in the first quarter of 2013. Sales increased by 9 % and profit for the period more than doubled. Normality even seems to have returned as against the second quarter of the prior year; sales (+ 1 %) and earnings (- 7 %) were more or less on par with the prior year.

At € 55.3 million, sales for the first half of the year are, however, down 4 % year on year due to the weak start to the year. This was largely due to changes in organic sales. The steepest drop in sales was reported by the Radiation Therapy segment. Evident factors here were price drops in the prostate implant product category, the disposal of the accessories business and expectedly sluggish sales of tumor irradiation equipment. Sales in the largest segment, Isotope Products, however, are only down minimally year on year.

At € 6.9 million, EBIT in the first half of 2013 is down 31 % year on year. In the Environmental Services segment, governmental price increases for a key disposal channel resulted in an adjustment in provisions for environmental restoration. The Radiopharma segment reported a rise in the share of lower-margin sales (merchandise) and fewer development costs were capitalized. These were offset by extraordinary income in the Radiation Therapy segment (agreement with Core Oncology to repay a loan) and in the Isotope Products segment (court ruling on the reimbursement of disposal costs).

Profits after taxes and minority interests in the first half of 2013 amounted to € 4.0 million, or € 0.75 per share, down 27 % year on year. However, this drop is less than the fall in EBIT due to lower interest payments and a decline in the tax rate.

LIQUIDITY

Cash and cash equivalents fell by € 9.3 million to € 21.6 million in the first half of 2013. This was mainly due to the rise in net working capital resulting from the reduction of liabilities as well as the dividend of € 0.60 per share paid in May.

Loan liabilities were down € 1.4 million. The actual loan repayment is in fact higher, as new financing was taken out for the construction of the contrast medium factory in Poland. A considerable share of the acquisition of fixed assets totaling € 4.0 million is attributable to this expansion of the Radiopharma segment. € 1.5 million was spent on acquisitions when taking into account the "Acquisition of shares of consolidated companies" item included in the cash flow statement under financing activities.

BALANCE SHEET

The balance sheet at the end of June 2013 changed as follows as against that of the annual financial statements for 2012: Two material effects from the cash flow statement resulted in a drop in total assets. On the one hand, assets fell because of a drop in cash and cash equivalents. The corresponding effect on liabilities came from the reduction of current liabilities, which has already had a negative impact on cash flows from operating activities. Total assets have fallen from € 164.4 million to € 158.9 million. The equity ratio has increased from 53 % to 54 % due to the drop in total assets while equity remained constant.

RESEARCH & DEVELOPMENT

The Radiation Therapy segment was given approval to release two newly developed applicators. Applicators connect the tumor irradiation equipment to the patient. The first product extends the application possibilities of dermatology devices. The second applicator was developed for gynecological applications and allows tumors to be treated via body cavities (intracavitary brachytherapy) as well as by needles or tubes (interstitial brachytherapy).

EMPLOYEES

The Eckert & Ziegler Group had a total of 613 employees worldwide as of June 30, 2013, 414 of whom worked in Germany. The number of employees remained almost constant as against the end of 2012 (December 31, 2012: 611).

OUTLOOK

Sales are expected to increase to approximately € 125 million in fiscal year 2013. The Isotope Products segments is forecasted to continue to post stable earnings, while the Radiation Therapy and Radiopharma segments are likely to generate higher profits due to increases in device sales. Combined with a balanced income from the Environmental Services segment and moderate Holding segment losses, it will be possible for the Group to achieve its target of a 10 % year-on-year rise in earnings. This corresponds to € 2.15 per share after taxes and minority interests, or an absolute amount of € 11.3 million – based on approximately 5.3 million shares. In this respect, a positive trend began in the second quarter of 2013.

GROUP STATEMENT OF INCOME

in € thousand	Quarterly Report II 04-06/2013	Quarterly Report II 04-06/2012	6-monthly Report 01-06/2013	6-monthly Report 01-06/2012
Revenues	28,803	28,645	55,307	57,888
Cost of sales	– 13,428	– 13,622	– 27,758	– 26,549
Gross profit on sales	15,375	15,023	27,549	31,339
Selling expenses	– 5,162	– 5,020	– 9,890	– 10,069
General and administrative expenses	– 5,540	– 5,188	– 11,117	– 10,391
Research and non-capitalized development expenses	– 1,051	– 602	– 1,960	– 1,525
Other operating income	1,029	2,254	2,681	3,412
Other operating expenses	– 34	– 1,732	– 282	– 2,836
Profit from operations	4,617	4,735	6,981	9,930
Other financial results	– 138	371	– 89	98
Earnings before interest and taxes (EBIT)	4,479	5,106	6,892	10,028
Interest received	76	27	175	65
Interest paid	– 363	– 570	– 586	– 1,092
Earnings before tax	4,192	4,563	6,481	9,001
Income tax expense	– 1,210	– 1,360	– 2,012	– 3,141
Net income	2,982	3,203	4,469	5,860
Profit/loss attributable to minority interests	– 217	– 252	– 490	– 415
Dividend to shareholders of Eckert & Ziegler AG	2,765	2,951	3,979	5,445
Earnings per share				
Basic (EUR per share)	0.52	0.56	0.75	1.03
Diluted (EUR per share)	0.52	0.56	0.75	1.03
Average number of shares in circulation (basic) (in thousand items)	5,288	5,288	5,288	5,288
Average number of shares in circulation (diluted) (in thousand items)	5,288	5,288	5,288	5,288

GROUP STATEMENT OF COMPREHENSIVE INCOME

in € thousand	Quarterly Report II 04-06/2013	Quarterly Report II 04-06/2012	6-monthly Report 01-06/2013	6-monthly Report 01-06/2012
Profit for the period	2,982	3,203	4,469	5,860
Of which attributable to other shareholders	217	252	490	415
Of which attributable to shareholders of Eckert & Ziegler AG	2,765	2,951	3,979	5,445
Adjustment to fair value of available for-sale financial assets	0	0	0	0
Amount reposted to income statement	0	0	0	0
Profit tax	0	0	0	0
Adjustment of amount recorded in shareholders' equity (Financial assets available-for-sale)	0	0	0	0
Change in the actuarial profits (+) / losses (-) from performance-oriented pension commitments	0	0	0	0
Income taxes	0	0	0	0
Change in the amount entered in the shareholders' equity (actuarial profits (+) / losses (-))	0	0	0	0
Adjustment of balancing item from the currency translation of foreign subsidiaries	782	1,280	413	754
Amount reposted to income statement	0	0	0	0
Adjustment of amount recorded in shareholders' equity (Currency translation)	782	1,280	413	754
Total of value adjustments recorded in shareholders' equity	782	1,280	413	754
Of which attributable to other shareholders	- 42	0	- 22	9
Of which attributable to shareholders of Eckert & Ziegler	824	1,280	435	745
Total from net income and value adjustments recorded in shareholders' equity	3,764	4,483	4,882	6,614
Of which attributable to other shareholders	175	252	468	424
Of which attributable to shareholders of Eckert & Ziegler AG	3,589	4,231	4,414	6,190

GROUP STATEMENT OF CASH FLOW

	Quarterly Report II 01.01.2013 – 30.06.2013	Quarterly Report II 01.01.2012 – 30.06.2012
in € thousand		
Cash flows from operating activities:		
Profit for the period	4,470	5,860
Adjustments for:		
Depreciation and value impairments	3,333	3,779
Non-cash release of deferred income from grants	– 32	– 110
Change in the non-current provisions, other non-current liabilities	1,400	– 1,456
Gains (–) / losses on the disposal of non-current assets	15	–
Change in other non-current assets and receivables	– 55	–
Miscellaneous	878	1,492
Changes in current assets and liabilities:		
Receivables	– 974	– 97
Inventories	– 895	– 396
Changes in other current assets	241	85
Change in the current liabilities and provisions	– 7,492	– 470
Cash outflows / inflows generated from operating activities	889	8,687
Cash flows from investing activities:		
Purchase (–) / sale of non-current assets	– 3,950	– 3,116
Acquisition of consolidated companies (less acquired liquid funds)	– 612	–
Cash outflows from investing activities	– 4,562	– 3,116
Cash flows from financing activities:		
Paid dividends	– 3,173	– 3,173
Distribution of shares of third parties	– 192	– 529
Change in long-term borrowing	– 947	– 2,092
Change in short-term borrowing	– 475	– 329
Aquisition of shares of consolidated companies	– 850	–
Cash outflows from financing activities	– 5,637	– 6,123
Effect of exchange rates on cash and cash equivalents	42	257
Increase / reduction in cash and cash equivalents	– 9,268	– 295
Cash and cash equivalents at beginning of period	30,842	32,304
Cash and cash equivalents at end of period	21,574	32,009

GROUP BALANCE SHEET

in € thousand

	June 30, 2013	June 30, 2012
Assets		
Non-current assets		
Goodwill	30,400	31,122
Other intangible assets	15,956	14,697
Property, plant and equipment	31,820	31,158
Investments valued according to the equity method	–	–
Trade accounts receivable	1,941	1,886
Deferred tax	9,446	9,104
Other non-current assets	3,577	4,027
Total non-current assets	93,140	91,994
Current assets		
Cash and cash equivalents	21,574	30,842
Securities	22	22
Trade accounts receivable	20,544	20,115
Inventories	16,375	15,466
Other current assets	7,328	6,005
Total current assets	65,843	72,450
Total assets	158,983	164,444
Equity and liabilities		
Capital and reserves		
Subscribed capital	5,293	5,293
Capital reserves	53,500	53,500
Retained earnings	23,746	25,257
Other reserves	– 2,861	– 3,296
Own shares	– 27	– 27
Portion of equity attributable to the shareholders of Eckert & Ziegler AG	79,651	80,727
Minority interests	6,352	6,243
Total shareholders' equity	86,003	86,970
Non-current liabilities		
Long-term borrowings and finance lease obligations	9,196	9,773
Deferred income from grants and other deferred income	922	954
Deferred tax	2,143	1,521
Retirement benefit obligations	8,939	8,863
Other provisions	22,389	20,627
Other non-current liabilities	2,713	1,345
Total non-current liabilities	46,302	43,083
Current liabilities		
Short-term borrowings and finance lease obligations	4,962	5,673
Trade accounts payable	2,974	7,454
Advance payments received	1,261	2,344
Deferred income from grants and other deferred income	92	92
Current tax payable	4,049	2,075
Other current liabilities	13,340	16,753
Total current liabilities	26,678	34,391
Total equity and liabilities	158,983	164,444

STATEMENTS OF SHAREHOLDERS' EQUITY

	Subscribed capital				Cumulative other equity items				Equity attributable to share- holders' equity	Minority shares	Group share- holders' equity			
	Number	Nominal value	Capital reserve	Retained reserves	Unrealized profit securities									
					€ thsd.	€ thsd.	€ thsd.	€ thsd.						
As of January 1, 2012	5,292,983	5,293	53,500	18,125	2	– 417	– 1,269	– 27	75,207	5,689	80,896			
Foreign currency translation differences							– 389		– 389	20	– 369			
Unrealized gains/losses by performance oriented pensions on balance sheet date (after tax of € – 755 thousand)							– 1,640		– 1,640		– 1,640			
Unrealized gains/losses on securities at balance sheet date (after tax of € – 1 thousand)					2				2		2			
Reversal of unrealized gains/losses at previous balance sheet date					– 2	417			415		415			
Total of expenditures and income directly entered in equity	0	0	0	0	0	– 1,223	– 389	0	– 1,612	20	– 1,592			
Net profit for the year				10,293					10,293	1,472	11,765			
Total income for the period	0	0	0	10,293	0	– 1,223	– 389	0	8,681	1,492	10,173			
Dividends paid				– 3,173					– 3,173	– 713	– 3,886			
Purchase or sale of minority interests				12					12	– 225	– 213			
As of December 31, 2012	5,292,983	5,293	53,500	25,257	2	– 1,640	– 1,658	– 27	80,727	6,243	86,970			

STATEMENTS OF SHAREHOLDERS' EQUITY

	Subscribed capital				Cumulative other equity items				Equity attributable to share- holders' equity € thsd.	Minority shares € thsd.	Group share- holders' equity € thsd.			
	Number Piece	Nominal value € thsd.	Capital reserve € thsd.	Retained reserves € thsd.	Unrealized profit securities € thsd.									
					Unrealized profit securities € thsd.	Own shares € thsd.	Foreign currency exchange differences € thsd.							
As of January 1, 2013	5,292,983	5,293	53,500	25,257	2	– 1,640	– 1,658	– 27	80,727	6,243	86,970			
Foreign currency translation differences							435		435	– 22	413			
Unrealized gains/losses by performance oriented pensions on balance sheet date (after tax of € – 755 thousand)						– 1,640			– 1,640		– 1,640			
Unrealized gains/losses on securities at balance sheet date (after tax of € – 1 thousand)					2				2		2			
Reversal of unrealized gains/losses at previous balance sheet date					– 2	1,640			1,638		1,638			
Total of expenditures and income directly entered in equity	0	0	0	0	0	0	435	0	435	– 22	413			
Net profit for the year					3,979				3,979	490	4,469			
Total income for the period	0	0	0	3,979	0	0	435	0	4,414	468	4,882			
Dividends paid					– 3,173				– 3,173	– 192	– 3,365			
Use of own shares for purchase of minority interests				0				0	0	0	0			
Stock option expenses								0			0			
Purchase or sale of non-controlling interests					– 2,317				– 2,317	– 167	– 2,484			
As of June 30, 2013	5,292,983	5,293	53,500	23,746	2	– 1,640	– 1,223	– 27	79,651	6,352	86,003			

SEGMENTAL REPORT

in € thousand	Isotope Products		Radiation Therapy		Radiopharma		Environmental Services		Others		Elimination		Total	
	01-06/ 2013	01-06/ 2012	01-06/ 2013	01-06/ 2012	01-06/ 2013	01-06/ 2012	01-06/ 2013	01-06/ 2012	01-06/ 2013	01-06/ 2012	01-06/ 2013	01-06/ 2012	01-06/ 2013	01-06/ 2012
	27,808	28,165	12,012	13,952	12,520	12,678	2,965	3,087	2	6	0	0	55,307	57,888
Sales to external customers														
Sales to other segments	1,838	2,043	18	11	54	52	274	510	1,597	1,344	-3,780	-3,960	0	0
Total segment sales	29,646	30,208	12,030	13,963	12,574	12,730	3,239	3,597	1,599	1,350	-3,780	-3,960	55,307	57,888
Segment profit before interest and profit taxes (EBIT)	8,422	9,149	1,269	896	280	1,434	-1,753	-627	-1,326	-824	0	0	6,892	10,028
Interest expenditures and revenues	-57	-148	-193	-330	-563	-526	-28	4	430	-27	0	0	-411	-1,027
Income tax expense	-2,283	-2,872	-535	-297	-45	-212	467	-2	384	242	0	0	-2,012	-3,141
Profit before minority interests	6,082	6,129	541	269	-328	696	-1,314	-625	-512	-609	0	0	4,469	5,860

SEGMENTAL REPORT

in € thousand	Isotope Products		Radiation Therapy		Radiopharma		Environmental Services		Others		Total	
	01-06/ 2013	01-06/ 2012	01-06/ 2013	01-06/ 2012	01-06/ 2013	01-06/ 2012	01-06/ 2013	01-06/ 2012	01-06/ 2013	01-06/ 2012	01-06/ 2013	01-06/ 2012
	94,089	99,701	47,611	46,649	27,345	25,466	-*	-*	94,559	97,000	263,604	268,816
Segmental assets											-104,621	-115,416
Elimination of inter-segmental shares, equity investments and receivables												
Consolidated total assets											158,983	153,400
Segmental liabilities	-40,862	-55,347	-15,257	-18,032	-27,823	-23,176	-*	-*	-10,710	-15,410	-94,652	-111,965
Elimination of intersegmental liabilities											21,672	43,046
Consolidated liabilities											-72,980	-68,919
Investments (without acquisitions)	405	736	882	518	2,537	1,331	-*	-*	126	531	3,950	3,116
Depreciation	-1,039	-1,181	-1,233	-1,286	-682	-1,011	-152	-172	-227	-129	-3,333	-3,779
Non-cash income / expenses	-1,495	101	-675	487	-47	-138	-*	-*	11	-376	-2,206	74

* In internal reporting, the asset and liability items of the Environmental Services segment are still shown in the Isotope Products segment. For this reason, the numbers are shown in the same way in the segment reporting.

SALES BY REGIONS

	01–06/2013		01–06/2012	
	€ million	%	€ million	%
Europe	32.5	59	32.6	56
North America	16.9	31	17.0	30
Asia/Pacific	4.6	8	5.7	10
Others	1.3	2	2.6	4
Total	55.3	100	57.9	100

Notes to the interim financial statements

1. GENERAL INFORMATION

These unaudited interim financial statements as of June 30, 2013 contain the financial statements of Eckert & Ziegler Strahlen- und Medizintechnik AG and its subsidiaries (hereinafter referred to as "Eckert & Ziegler AG").

2. ACCOUNTING AND VALUATION METHODS

As with the annual financial statements for 2012, the consolidated financial statements (interim financial statements) of Eckert & Ziegler AG as of June 30, 2013 have been prepared in accordance with International Financial Reporting Standards (IFRS). All standards of the International Accounting Standards Board (IASB), London, applicable in the EU at the reporting date, as well as the relevant interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC) have been taken into account. The accounting and valuation methods explained in the notes to the annual financial statements for 2012 have been applied unchanged.

When preparing the consolidated financial statements in accordance with IFRS, it is necessary to make estimates and assumptions that impact the amount and disclosure of recognized assets and liabilities, revenues and expenses. Actual amounts may differ from the estimates. Significant assumptions and estimates are made concerning useful lives, income achievable from property, plant and equipment, recoverability of receivables and the accounting and measurement of provisions.

This interim report includes all information and adjustments required to provide a true and fair view of the net assets, financial position and results of operations of Eckert & Ziegler AG as of the reporting date. The interim results for the current fiscal year do not necessarily allow conclusions to be drawn about the development of future earnings.

3. SCOPE OF CONSOLIDATION

The consolidated financial statements of Eckert & Ziegler AG include all companies where Eckert & Ziegler AG is able, either indirectly or directly, to determine the company's financial and business policies (control concept).

Acquisitions and sales of companies

Please refer to the explanations given in section 4 for details on the acquisitions and sales of companies.

4. LIMITED COMPARABILITY OF THE CONSOLIDATED FINANCIAL STATEMENTS WITH THE PRIOR YEAR

Shares in the bioanalytical contract research institute Vitalea Science, Inc. in Davis (CA, USA) were acquired on September 10, 2012. Düsseldorf-based Chemotrade GmbH was acquired on February 15, 2013. Additional shares in a Radiopharma-segment Group company were acquired from a minority shareholder in the first quarter of 2013. EnergySolutions' disposal business in Great Britain was acquired effective June 1, 2013.

These had a material impact on the Group's net assets and results of operations, impairing the comparability of the consolidated report with the prior year.

5. CURRENCY TRANSLATION

The financial statements of companies outside the European Monetary Union are translated pursuant to the functional currency concept. The following exchange rates were used for the currency translation:

Country	Currency	Exchange rate on June 30, 2013	Exchange rate on Dec 31, 2012	Average rate Jan 1 – June 30, 2013	Average rate Jan 1 – June 30, 2012
USA	USD	1.3010	1.3194	1.3078	1.2974
Czech Republic	CZK	26.0052	25.1510	25.7311	25.1477
Great Britain	GBP	0.8548	0.81610	0.8221	0.8291
Poland	PLN	4.3254	4.0740	4.1848	4.2439
Brazil	BRL	2.8955	2.7093	2.6641	2.4349

6. OWN SHARES

Eckert & Ziegler AG held 4,818 own shares as of June 30, 2013. This equates to a 0.1% share of the Company's subscribed capital.

7. MATERIAL TRANSACTIONS WITH RELATED PARTIES

Please refer to the consolidated financial statements as of December 31, 2012 for details on material transactions with related parties.

8. DISCLOSURES PURSUANT TO SECTION 37Y OF THE GERMAN SECURITIES TRADING ACT (WERTPAPIERHANDELSGESETZ, WPHG) IN CONJUNCTION WITH SECTION 37W (2) NO. 3 WPHG

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the interim management report of the Group includes a fair view of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group.

Berlin, August 15, 2013



Dr. Andreas Eckert
Chairman of the Executive Board



Dr. Edgar Löffler
Member of the Executive Board



Dr. André Heß
Member of the Executive Board

Financial calendar

September 19, 2013	6. WGZ BANK Small Cap Conference in Düsseldorf
November 12, 2013	German Equity Forum in Frankfurt
March 27, 2014	Annual Report 2013
May 6, 2014	Quarterly Report I/2014
May 2014	Spring Conference Deutsche Börse in Frankfurt
May 22, 2014	Annual Shareholder Meeting in Berlin
August 14, 2014	Quarterly Report II/2014
November 6, 2014	Quarterly Report III/2014
November 2014	German Equity Forum in Frankfurt

Contact

Eckert & Ziegler
Strahlen- und Medizintechnik AG
Robert-Rössle-Straße 10
13125 Berlin, Germany
www.ezag.de

Karolin Riehle
Investor Relations

Phone + 49 (0) 30 94 10 84 – 0
Fax + 49 (0) 30 94 10 84 – 112
info@ezag.de

Imprint

HERAUSGEBER
Eckert & Ziegler
Strahlen- und Medizintechnik AG

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DianaDesign, Berlin, Germany

FOTOS
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