

A close-up photograph of a smiling couple. A man with grey hair and a woman with dark hair are embracing. The woman is in the foreground, smiling at the camera, while the man is behind her, also smiling. They are outdoors with a blurred green background.

2015

Quarterly Report III

Key data Eckert & Ziegler

		01-09/2015	01-09/2014	Change
Sales	€ million	102.7	92.6	+ 11%
Return on revenue before tax	%	13	10	+ 32%
EBITDA	€ million	19.8	15.3	+ 29%
EBIT	€ million	13.8	10.0	+ 38%
EBT	€ million	13.0	8.9	+ 47%
Net income before other shareholder's interests	€ million	8.5	5.4	+ 59%
Profit	€ million	9.0	5.6	+ 61%
Earnings per share (basic)	€	1.70	1.05	+ 61%
Operational cash flow	€ million	11.3	4.9	+ 132%
Depreciation and amortization on non-current assets	€ million	6.0	5.3	+ 12%
Staff as end of period	Persons	707	716	- 1%

Milestones



▲ AWARDS FOR YOUNG NUCLEAR MEDICINE RESEARCHERS

Eckert & Ziegler travel grants are awarded for the eighth time to outstanding young scientists in the field of nuclear medicine at the annual congress of the European Association of Nuclear Medicine (EANM) in Hamburg.



▲ NEW MANAGING DIRECTOR IN RADIATION THERAPY SEGMENT

Dr. Harald Hasselmann (48) has been appointed as the new commercial managing director for sales and finances of Eckert & Ziegler BEBIG. With effect from October 1, 2015 he will be a member of the management team and head the company together with Dr. Edgar Löffler, a medical physicist, who is responsible for the irradiation equipment manufacturer's technical operations.

▲ CERTIFICATE OF RECOGNITION FOR "GOOD CORPORATE CITIZEN"

The American subsidiary Eckert & Ziegler Isotope Products Inc. receives a certificate of recognition as "good corporate citizen" for the year 2014 from the Sanitation Districts of Los Angeles County for complying consistently with all their industrial wastewater discharge requirements.

Business development of the Eckert & Ziegler Group

AVERAGE THIRD QUARTER

Business was moderate at the Eckert & Ziegler Group in the third quarter of 2015. With sales of € 33.7 million and net income of € 1.5 million, the Group generated an average result.

In the first nine months from January to September 2015, sales came in at € 102.7 million. Compared to the same period in the prior year, sales were up by € 10.2 million or 11 %. A majority of this amount, € 8.3 million, is due to the more favorable US dollar/euro exchange rate. The acquisition of the Isotope Products segment in Brazil saw sales climb by € 2.3 million. Organic sales declined slightly by € 0.4 million.

Thanks to the special income reported in the second quarter of 2015 from the disposal of the OctreoPharm Sciences GmbH investment, EBIT improved to € 13.8 million for the first nine months. Profit for the period after taxes and minority interests also increased sharply to € 9.0 million or € 1.70 per share.

The Isotope Products segment benefited the most from the weak euro, while also recording a positive acquisition effect. Organic sales declined by € 2.8 million due to weak sales in the energy sector and radiocarbon dating. Two loss-making areas have been identified in the highly successful segment: the newly acquired Brazilian business and radiocarbon dating. As a result, EBIT for the entire segment fell by € 2.8 million to € 9.6 million.

Sales in the Radiation Therapy segment increased by € 2.0 million to € 21.5 million. Organic sales growth in afterloaders were strong following the launch of the new SagiNova®, but not enough to cover the cost base. Earnings before interest and taxes (EBIT) fell by € 0.5 million to € - 2.9 million. This already includes provisions of € 1.3 million for restructuring measures and consolidation of sites.

The sales of the Radiopharma segment rose by not only the currency effect but also organically, especially in the equipment division and with the gallium generators. The “Other operating income” item includes most of the proceeds arising from the sale of the OctreoPharm investment. As a result, EBIT increased many times over to € 8.7 million.

Price increases meant that the Others segment registered an increase in sales of € 0.6 million to € 5.4 million. EBIT increased significantly by € 1.0 million to € - 1.6 million. This change is largely the result of the balance of a positive and a negative effect: this segment also includes income from the sale of the OctreoPharm investment. A price increase at a key disposal channel led to an increase in provisions for waste materials.

LIQUIDITY

At € 9.2 million, gross cash flow, i. e. profit for the period adjusted for non-cash-effective effects, was 17 % below the prior year period, particularly due to the weaker results in the Isotope Products segment.

The reduction in net working capital led to a positive cash flow of € 2.2 million and the decline in receivables from customers in the Radiation Therapy segment was the main effect.

Investments in fixed assets declined by € 5.1 million to € 2.9 million after the completion of the new cyclotron and were mainly restricted to maintenance investments in 2015. The disposal of the OctreoPharm investment led to cash inflow of € 5.4 million, with the investment activities resulting in an overall increase in liquidity.

The constant dividend of € 0.60 per share led to an unchanged cash outflow of € 3.2 million. The amount of loans declined by € 2.7 million. Financial holdings increased overall to € 29.1 million as of September 30, 2015.

BALANCE SHEET

The balance sheet total as of the end of September 2015 remained nearly unchanged compared to the end of 2014, rising slightly from € 187.3 million to € 191.4 million. The reasons for the significant changes in the balance sheet were previously described in the statements on cash flow: the offsetting entries to cash inflow include the increase in equity (profit for the period), the decline in the investments valued at equity (disposal of OctreoPharm) and the decline in trade receivables (reduction in receivables in the Radiation Therapy segment). For the planned disposal of a building in the Radiation Therapy segment, € 1.0 million was previously reported under "non-current assets available for sale". As a sale has become more unlikely towards the end of 2015 given the contract negotiations, this item has been reversed and the amount has been reassigned to property, plant and equipment.

EMPLOYEES

The Eckert & Ziegler Group had a total of 707 employees worldwide as of September 30, 2015, 406 of whom worked in Germany. The number of employees has therefore dropped slightly compared to the end of 2014, as the staff reduction in the Radiation Therapy segment had a stronger impact than the recruiting measures in the Radiopharma segment.

OUTLOOK

Sales are expected to rise to over € 133 million in 2015, while an improvement in earnings to over € 2.00 per share is also targeted. The current US dollar exchange rate is providing major support in achieving this sales target and the operating results achieved thus far also indicate that the targets will be met. Sales are expected to increase slightly to between € 137 and € 140 million in 2016, assuming exchange rates remain stable. Earnings per share are likely to decline to approximately € 1.80 per share in 2016 due to the absence of positive one-off effects.

GROUP STATEMENT OF INCOME

in € thousand	Quarterly Report III 07-09/2015	Quarterly Report III 07-09/2014	9-monthly Report 01-09/2015	9-monthly Report 01-09/2014
Revenues	33,702	30,628	102,726	92,553
Cost of sales	– 18,334	– 15,076	– 56,720	– 46,138
Gross profit on sales	15,368	15,552	46,006	46,415
Selling expenses	– 5,851	– 5,185	– 18,222	– 15,694
General and administrative expenses	– 6,453	– 6,348	– 19,832	– 18,649
Other operating income	368	157	9,606	812
Other operating expenses	– 642	– 967	– 3,926	– 3,202
Profit from operations	2,790	3,209	13,632	9,682
Results from shares measured at equity	–	– 157	– 408	– 295
Results of financial investments measured at fair value	–	– 77	–	– 142
Other financial results	– 714	788	567	713
Earnings before interest and taxes (EBIT)	2,076	3,763	13,791	9,958
Interest received	43	46	83	114
Interest paid	– 319	– 322	– 853	– 1,205
Profit before tax	1,800	3,487	13,021	8,867
Income tax expense	– 517	– 1,379	– 4,514	– 3,505
Net income	1,283	2,108	8,507	5,362
Profit/loss attributable to minority interests	208	189	465	203
Profit attributable to the shareholders of Eckert & Ziegler AG	1,491	2,297	8,972	5,565
Earnings per share				
Basic	0.28	0.43	1.70	1.05
Diluted	0.28	0.43	1.70	1.05
Average number of shares in circulation (basic)	5,288	5,288	5,288	5,288
Average number of shares in circulation (diluted)	5,288	5,288	5,288	5,288

GROUP STATEMENT OF COMPREHENSIVE INCOME

in € thousand	Quarterly Report III 07-09/2015	Quarterly Report III 07-09/2014	9-monthly Report 01-09/2015	9-monthly Report 01-09/2014
Profit for the period	1,283	2,108	8,507	5,362
Of which attributable to other shareholders	– 208	– 189	– 465	– 203
Of which attributable to shareholders of Eckert & Ziegler AG	1,491	2,297	8,972	5,565
Items that could subsequently be reclassified into the income statement if certain conditions are met				
Adjustment of balancing item from the currency translation of foreign subsidiaries	– 1,494	1,964	2,386	2,260
Amount reposted to income statement	0	0	0	0
Adjustment of amount recorded in shareholders' equity (Currency translation)	– 1,494	1,964	2,386	2,260
Total of value adjustments recorded in shareholders' equity	– 1,494	1,964	2,386	2,260
Of which attributable to other shareholders	13	– 2	22	– 3
Of which attributable to shareholders of Eckert & Ziegler AG	– 1,507	1,966	2,364	2,263
Total from net income and value adjustments recorded in shareholders' equity	– 211	4,072	10,893	7,622
Of which attributable to other shareholders	– 195	– 191	– 443	– 206
Of which attributable to shareholders of Eckert & Ziegler AG	– 16	4,263	11,336	7,828

GROUP STATEMENT OF CASH FLOWS

in € thousand

	9-monthly Report Jan 1, 2015 – Sep 30, 2015	9-monthly Report Jan 1, 2014 – Sep 30, 2014
Cash flows from operating activities:		
Profit for the period	8,507	5,361
Adjustments for:		
Depreciation and value impairments	5,981	5,333
Non-cash release of deferred income from grants	– 99	– 54
Gains (–) / losses on the disposal of non-current assets	8	– 4
Gains on the sale of shares measured at equity	– 8,785	–
Change in the non-current provisions, other non-current liabilities	3,242	1,073
Change in other non-current assets and receivables	485	5
Miscellaneous	– 186	– 751
Changes in current assets and liabilities:		
Receivables	4,150	2,386
Inventories	588	– 3,874
Accruals, other current assets	– 486	– 86
Change in the current liabilities and provisions	– 2,089	– 4,501
Cash inflows generated from operating activities	11,316	4,888
Cash flows from investing activities:		
Purchase (–) / sale of non-current assets	– 2,883	– 8,019
Acquisitions of consolidated enterprises	– 601	– 1,017
Sale of shares measured at equity	5,366	–
Cash inflows / outflows from investment activity	1,882	– 9,036
Cash flows from financing activities:		
Paid dividends	– 3,173	– 3,173
Distribution of shares of third parties	– 538	– 342
Change in long-term borrowing	– 2,304	– 3,356
Change in short-term borrowing	– 395	1,021
Aquisition of shares of consolidated companies	– 100	– 20
Cash outflows from financing activities	– 6,510	– 5,870
Effect of exchange rates on cash and cash equivalents	567	773
Increase / reduction in cash and cash equivalents	7,255	– 9,245
Cash and cash equivalents at beginning of period	21,824	29,414
Cash and cash equivalents at end of period	29,079	20,169

GROUP BALANCE SHEETS

in € thousand

	Sep 30, 2015	Dec 31, 2014
Assets		
Non current assets		
Goodwill	39,666	38,321
Other intangible assets	15,634	17,297
Property, plant and equipment	36,280	36,119
Investments valued according to the equity method	2,702	5,323
Trade accounts receivable	–	368
Deferred tax	9,399	9,465
Other non-current assets	5,724	2,501
Total non-current assets	109,405	109,394
Current assets		
Cash and cash equivalents	29,079	21,824
Trade accounts receivable	18,904	23,401
Inventories	24,470	24,322
Other current assets	9,590	7,426
Assets held for sale	–	962
Total current assets	82,043	77,935
Total assets	191,448	187,329
Equity and liabilities		
Capital and reserves		
Subscribed capital	5,293	5,293
Capital reserves	53,500	53,500
Retained earnings	37,935	32,136
Other reserves	38	– 2,326
Own shares	– 27	– 27
Portion of equity attributable to the shareholders of Eckert & Ziegler AG	96,739	88,576
Minority interests	4,933	5,914
Total shareholders' equity	101,672	94,490
Non-current liabilities		
Long-term borrowings	5,949	7,279
Deferred income from grants and other deferred income	1,598	680
Deferred tax	3,751	2,728
Retirement benefit obligations	11,072	11,094
Other provisions	26,272	23,637
Other non-current liabilities	4,371	4,632
Total non current liabilities	53,013	50,050
Current liabilities		
Short-term borrowings	10,122	11,426
Trade accounts payable	5,422	8,220
Advance payments received	35	3,090
Deferred income from grants and other deferred income	217	117
Current tax payable	2,624	2,142
Current tax payable	3,600	3,600
Other current liabilities	14,743	14,194
Total current liabilities	36,763	42,789
Total equity and liabilities	191,448	187,329

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 pension commit- ments € thsd.	Foreign currency exchange differences € thsd.	Own shares € thsd.						
					2	– 833									
As of January 1, 2014	5,292,983	5,293	53,500	28,534	2	– 833	– 2,977	– 27	83,492	6,773	90,265				
Total of expenditures and income directly entered in equity	0	0	0	0	– 2	– 1,832	3,316	0	1,482	– 13	1,469				
Net profit for the year				6,775						6,775	– 278	6,497			
Total income for the period	0	0	0	6,775	– 2	– 1,832	3,316	0	8,257	– 291	7,966				
Dividends paid				– 3,173						– 3,173	– 568	– 3,741			
As of December 31, 2014	5,292,983	5,293	53,500	32,136	0	– 2,665	339	– 27	88,576	5,914	94,490				
As of January 1, 2015	5,292,983	5,293	53,500	32,136	0	– 2,665	339	– 27	88,576	5,914	94,490				
Total of expenditures and income directly entered in equity	0	0	0	0	0	0	2,364	0	2,364	22	2,386				
Net profit for the year				8,972						8,972	– 465	8,507			
Total income for the period	0	0	0	8,972	0	0	2,364	0	11,336	– 443	10,893				
Dividends paid				– 3,173						– 3,173	– 538	– 3,711			
As of September 30, 2015	5,292,983	5,293	53,500	37,935	0	– 2,665	2,703	– 27	96,739	4,933	101,672				

SEGMENTAL REPORT

in € thousand	Isotope Products		Radiation Therapy		Radiopharma		Others		Elimination		Total	
	01-09/2015	01-09/2014	01-09/2015	01-09/2014	01-09/2015	01-09/2014	01-09/2015	01-09/2014	01-09/2015	01-09/2014	01-09/2015	01-09/2014
Sales to external customers	49,579	44,166	21,541	19,549	26,233	24,107	5,373	4,731	0	0	102,726	92,553
Sales to other segments	1,979	1,414	147	129	21	49	4,534	3,769	- 6,682	- 5,361	0	0
Total segment sales	51,558	45,580	21,688	19,678	26,254	24,156	9,907	8,500	- 6,682	- 5,361	102,726	92,553
Segment profit before interest and profit taxes (EBIT)	9,575	12,387	- 2,908	- 2,388	8,745	2,548	- 1,621	- 2,589	0	0	13,791	9,958
Interest expenses and revenues	- 47	- 50	- 238	- 395	- 910	- 910	425	264	0	0	- 770	- 1,091
Income tax expense	- 3,567	- 3,803	- 739	162	- 568	- 710	360	846	0	0	- 4,514	- 3,505
Profit before minority interests	5,961	8,534	- 3,885	- 2,621	7,267	928	- 836	- 1,479	0	0	8,507	5,362

SEGMENTAL REPORT

in € thousand	Isotope Products		Radiation Therapy		Radiopharma		Others		Total	
	01-09/2015	01-09/2014	01-09/2015	01-09/2014	01-09/2015	01-09/2014	01-09/2015	01-09/2014	01-09/2015	01-09/2014
Segmental assets	91,213	101,813	52,291	55,122	38,481	35,827	94,989	93,616	276,974	286,378
Elimination of inter-segmental shares, equity investments and receivables									- 85,526	- 105,808
Consolidated total assets									191,448	180,570
Segmental liabilities	- 39,691	- 43,397	- 24,763	- 23,106	- 29,901	- 34,443	- 16,391	- 5,954	- 110,746	- 106,900
Elimination of intersegmental liabilities									20,970	21,065
Consolidated liabilities									- 89,776	- 85,835
Investments (without acquisitions)	1,250	3,241	416	1,486	873	2,131	344	1,161	2,883	8,019
Depreciation	- 2,178	- 1,713	- 1,635	- 1,713	- 1,405	- 1,228	- 763	- 679	- 5,981	- 5,333
Non-cash income (+)/expenses (-)	100	417	- 480	- 271	4,772	- 450	943	35	5,335	- 269

SALES BY REGIONS

	01-09/2015		01-09/2014	
	€ million	%	€ million	%
Europe	49.1	48	49.0	53
North America	35.8	35	30.8	33
Asia/Pacific	10.6	10	9.1	10
Others	7.2	7	3.7	4
Total	102.7	100	92.6	100

Notes to the interim financial statements

1. GENERAL INFORMATION

These unaudited interim financial statements as of September 30, 2015 contain the financial statements of Eckert & Ziegler Strahnen- und Medizintechnik AG and its subsidiaries (hereinafter referred to as "Eckert & Ziegler AG").

2. ACCOUNT AND VALUATION METHODS

As with the annual financial statements for 2014, the consolidated financial statements (interim financial statements) of Eckert & Ziegler AG as of September 30, 2015 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 2014 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

The Isotope business unit of REM Indústria e Comércio Ltda. (REM), which is based in São Paulo, Brazil, was acquired effective September 1, 2014.

These had a material impact on the Group's net assets and results of operations as against the first nine months of 2014, 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 Sep 30, 2015	Exchange rate Dec 31, 2014	Average rate Jan 1–Sep 30, 2015	Average rate Jan 1–Sep 30, 2014
USA	USD	1.1203	1.2141	1.1144	1.3518
Czech Republic	CZK	27.187	27.735	27.3547	27.5067
Great Britain	GBP	0.7385	0.7789	0.7271	0.8206
Poland	PLN	4.2448	4.2732	4.1571	4.1723
Russia	RUB	73.2416	72.337	66.5974	47.9569
Brazil	BRL	4.4808	3.2207	3.5257	3.0924

6. OWN SHARES

Eckert & Ziegler AG held 4,818 own shares as of September 30, 2015. 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, 2014 for details on material transactions with related parties.

Berlin, November 5, 2015



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

November 23/24, 2015	German Equity Forum in Frankfurt
March 23, 2016	Annual Report 2015
May 10, 2016	Quarterly Report I/2016
June 8, 2016	Annual Shareholder Meeting in Berlin
August 2, 2016	Quarterly Report II/2016
November 3, 2016	Quarterly Report III/2016 (subject to change)

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