QUARTERLY REPORT III

2018

Eckert & Ziegler
Contributing to saving lives

KEY DATA ECKERT & ZIEGLER

		1–9/2018	1–9/2017	Change
Sales	€ million	123.8	100.4	+ 23 %
Return on revenue before tax	%	15	14	+ 0 %
EBITDA	€ million	24.9	20.9	+ 19 %
EBIT	€ million	18.6	14.8	+ 26 %
EBT	€ million	18.3	14.4	+ 27 %
Net income before other shareholder´s interests	€ million	13.6	9.5	+ 43 %
Profit	€ million	13.0	12.3	+ 6 %
Earnings per share (basic)	€	2.50	1.72	+ 58 %
Operational cash flow	€ million	13.9	20.5	– 32 %
Depreciation and amortization on non-current assets	€ million	6.3	6.1	+ 3 %
Staff as end of period	Persons	789	764	+ 3 %

MILESTONES

NEW EXECUTIVE BOARD MEMBER FOR RADIOPHARMA

The Supervisory Board appointed Dr. Lutz Helmke as new member of the Board of Directors of Eckert & Ziegler Strahlen- und Medizintechnik AG effective September 17, 2018. Dr. André Heß retires from the director's position. Dr. Helmke, born in 1961, studied Mathematics and Chemistry at FU Berlin. After graduating from Radio Chemistry studies and receiving his PhD, he switched to Medical Technology and started his career in the marketing department of Biotronik. After that, he held various management positions at Abbott, St. Jude Medical, and most recently MagForce over a period of 25 years. As head of various task forces within the German Federal Association for Medical Technology, Dr. Helmke also gained a wide range of experience in market launches and the reimbursement aspects of medical products.

SHARE BUYBACK OFFER II

As part of a voluntary public share buyback offer Eckert & Ziegler has repurchased 125,000 of its own shares. Since a total of 954,024 shares were tendered within the acceptance period, not all acceptance declarations could be accepted in full. Following this public share buyback offer, the company now holds approx. 4 % of the registered share capital.

PROSTATE SEEDS IN THE REPUBLIC OF SOUTH AFRICA

Eckert & Ziegler BEBIG entered the South African seed implant market with its IsoSeed® I25.S06. The first patients were successfully treated in Polokwane, Limpopo. Prostate seed implantation is a minimally invasive procedure for treating prostate cancer in which radioactive seeds are placed in the prostate gland to target cancer cells while maximizing the preservation of healthy tissue.

SAGINOVA® IN NEPAL

Eckert & Ziegler BEBIG has delivered its first SagiNova® system to Nepal, enabling government-run BP Koirala Memorial Cancer Hospital to resume its HDR brachytherapy service. With around 10,000 cancer patients per year it is one of the leading cancer centers in Nepal.

BUSINESS DEVELOPMENT OF THE ECKERT & ZIEGLER GROUP

INCREASE IN REVENUE IN ALL BUSINESS SEGMENTS

In the third quarter of 2018, the Eckert & Ziegler Group increased the earnings per share to € 2.50 and thus reached the earnings originally projected for the entire year within the first nine months. The Group generated roughly € 4.5 million or € 0.88 per share in the third quarter. In comparison to the previous year, the Group's earnings thus increased by 45 % or € 0.78 per share.

All segments contributed to the great result. The Isotope Products segment generated high sales in the energy sector; in the Radiopharma segment, the brisk demand for pharmaceutical radioisotopes resulted in new record sales. The revenues in the Radiation Therapy segment increased in the HDR business (high dose rate) compared to the previous year the previous year.

Since income and revenues from discontinued operations must be reported separately in accordance with IFRS 5 (just as with non-current assets held for sale), the figures and notes relating to the comparative period are only attributable to the continuing operations, unless otherwise stated.

Sales

In the third quarter of 2018, the Eckert & Ziegler Group generated new record-high sales of € 123.8 million. The sales increased by € 23.4 million, or 23 %, compared to the previous year.

The Isotope Products segment – which increased its sales by € 20.0 million or 31 % to € 83.7 million due to the consolidation of the Gamma-Service Group acquired at the end of May 2017 and the strong demand in the energy sector – experienced the largest growth spurt among the continuing operations. Sales in the Radiation Therapy segment rose as well by € 2.8 million or 15 % to € 21.1 million, driven by good sales of HDR products. The Radiopharma segment increased sales by 14 % to € 23.5 million. The growth was primarily driven by the pharmaceutical radioisotopes.

The strong euro had adverse effects on the sales growth in all segments due to the adverse effects on sales made in foreign currencies. Compared with the previous year, the Group thus lost € 4.7 million, so the increase after adjustment for currency effects would have totaled € 28.1 million or 28 %. Organic, real sales growth – in other words, currency effect-adjusted sales to exclude the acquisitions and disposals made in 2017 – amounted to € 17.5 million or 17 %.

Income (profit for the year)

The consolidated earnings from continuing operations totaled € 13.6 million and thus exceeded previous year's earnings by € 4.1 million or 43 %. This increase in earnings is primarily driven by an increase in sales by 23 % or € 23.4 million which were in particular generated due to the demand in the energy sector and for pharmaceutical radioisotopes. Unfortunately, the increase in sales did not have a proportionate impact on the gross profit margin. It increased only by 16 % or € 7.4 million. About half of the increase in the gross profit margin were offset by increased costs.

In the Isotope Products segment – where the increase in sales was most significant at 31 % or € 20.0 million – the gross profit margin rose by € 5.6 million or 20 % only. An increase in selling, administrative, and development costs by € 1.8 million for the Gamma-Service Group and negative foreign currency effects resulted in an increase in the EBIT by only € 4.3 million despite additional proceeds in the amount of € 1.0 million from the intercompany sale of a business division. Nonetheless, this corresponds to a 55 % increase over the previous year.

Interest expenses in the amount of € 0.2 million were almost exclusively incurred as a result of the compounding of provisions. Due to the U.S. American tax reform, the tax rate dropped to 24 % and, despite the increase in earnings, taxes remained at previous year's level, totaling € 2.9 million. The segment closed with post-tax earnings of € 8.5 million and thus € 4.0 million above the previous year's results. As for the remainder of the year, solid earnings are expected due to a great number of open orders.

With a result for the period of € 0.6 million, the Radiation Therapy segment, just as in the previous year, recorded a profit. While the segment had extraordinary income of € 0.7 million from reversal of a provision in the previous year, there was no such extraordinary effect in the first nine months of 2018. Thus, the profits decreased by € 0.1 million over the previous year. However, if one did not take into account this one-time effect, profits improved by € 0.5 million. In line with the good sales, the gross profit margin rose by € 1.2 million. The selling and administrative costs increased by € 1.2 million over the previous year; this effect is primarily the result of the consolidation of WOMED since January of this year. Development costs increased by € 0.2 million to € 1.1 million. As a result of the aforementioned extraordinary effect, which was recorded in other income in the previous year, the other income and expenses dropped by € 0.5 million to € 0.2 million. Exchange effects had a positive impact and totaled € 0.1 million which corresponds to an increase of € 0.4 million in comparison to the previous year. Taxes and minority interests accordingly increased by € 0.1 million to € 0.1 million.

The Radiopharma segment generated earnings of € 5.4 million and thus exceeded previous year's earnings by €1.0 million or 21 %. The selling expenses increased slightly by € 0.2 million to € 1.8 million, while the administrative and development costs basically remained at previous year's level, totaling € 2.9 million. The other income and expenses rose by € 0.1 million to € 0.4 million. Income in the amount of € 0.2 million was generated as a result of exchange effects. Hardly any interest were accrued and thus decreased by € 0.2 million. Tax expenses increased by a total of € 0.3 million to € 2.2 million.

LIQUIDITY

The operating cash flow decreased by € 6.5 million to € 13.9 million, and thus by 32 %. The primary reason for this was the change in current assets and liabilities, which overall led to an outflow of cash of € 5.2 million. For example, receivables increased by € 4.0 million since the start of the year. The reason for that is phase effects, caused by the good sales, which led to higher receivables. In the period from January to September 2017, they declined by € 1.2 million. Inventories increased by € 1.0 million. In the comparative period, they amounted to about € 3.1 million. The changes in the other current assets, as well as those in liabilities and provisions, resulted in an overall outflow of € 2.2 million. Most of it was from payment of bonuses and profit sharing. In the previous year, these items amounted to € 1.5 million. In 2017, cash was spent on other current assets in the amount of € 1.7 million. This is primarily the result of the discharge of an escrow account in the first six months of 2017.

The profits for the year exceeded the comparative period by € 0.9 million. Tax refunds exceeded the tax expenditure by € 1.5 million. The change in non-current assets and receivables together with the non-current provisions and liabilities resulted in cash influx in the amount of € 1.8 million. In the previous year, a gain of € 4.7 million was attained from the sale of holdings in consolidated companies. The proceeds from this sale were reported in the cash flow from investing activities. This item was therefore corrected in the operating cash flow in the comparative period. In the first six months of 2018, there was no comparable item.

Although there was still cash inflow of € 5.1 million from investments in the first six months of 2017, there was a cash outflow of € 6.5 million during the same period of the reporting year. On the one hand, an amount of € 4.5 million was spent to acquire fixed assets during the reporting period, while, during the same period in the previous year, only an amount of € 3.4 million was spent. In addition, the acquisition of WOMED in the first six months of 2018 resulted in a net cash outflow of € 2.1 million. An amount of € 2.6 million was paid in cash, while € 0.5 million in liquidity was assumed in return. An additional € 0.5 million was paid at the end of 2017. As a result of the sale of the Cyclotron business and the repayment of existing loans as scheduled, the Eckert & Ziegler Group has only minor loan liabilities. Thus, the amount spent on repaying loans decreased by € 3.0 million to only € 1.2 million compared with the same period in the previous year. The good liquidity situation also puts the Eckert & Ziegler Group in a position to generate additional revenues by issuing loans. Therefore, a loan of € 2.5 million was issued at conditions common on the market. A total of € 9.6 million was spent on redeeming treasury stock; the sale of treasury stock resulted in cash and cash equivalents in the amount of € 1.1 million. The dividend increase resolved in May resulted in an increase in cash used for dividend payments from € 3.5 million in the previous year to € 4.1 million in the current year. Overall, cash and cash equivalents as at September 30, 2018 fell by € 8.7 million since the end of 2017 to currently € 49.1 million.

BALANCE SHEET

The balance sheet total as at the end of September 2018 changed only to a minor extent compared to the 2017 financial statements and currently amounts to € 216.6 million (previous year: € 217.0 million). On the asset side, goodwill increased by € 2.5 million, which, inter alia, is the result of the acquisition of WOMED. On the other hand, intangible assets decreased by € 2.2 million, mostly due to depreciation. Tangible assets increased by € 1.2 million. The € 2.9 million increase in other non-current assets resulted primarily from a loan granted in the amount of € 2.5 million. Cash and cash equivalents were decreased by € 8.7 compared to the end of 2017 (for details, see the "Liquidity" section). Trade receivables increased by € 2.3 million, as were inventories which increased by € 1.6 million. Other assets declined by € 0.6 million.

On the liabilities and shareholder's equity side, non-current debt increased by € 4.5 million to € 70.1 million. The primary reason are higher long-term reserves and higher deferred tax liabilities which, in total, increased by € 4.5 million. Countering that, current liabilities were reduced overall by € 8.0 million to € 25.9 million. Mostly, the reduced income tax liabilities, which were brought down to € 4.0 million, and the trade payables, which decreased by € 1.6 million, contributed to that. Current loan liabilities also fell by € 1.2 million to € 0.5 million. Downpayments received also decreased by € 1.5 million to € 2.9 million. Equity increased by € 3.0 million to € 120.6 million as at September 30, 2018. The € 13.2 million increase due to the period results (of which € 0.6 are attributable to minority interests) is offset by a dividend payment of € 4.1 million. An additional increase of € 2.0 million resulted from the translation of subsidiaries that prepare their accounts in foreign currencies. As part of the share buyback program, 125,000 shares were acquired each in May and July 2018 for € 9.6 million. Also in July, 25,000 shares were sold at € 1.1 million. In total, this results in treasury stock of € 8.7 million which is reported in an item separate from equity. The equity ratio increased from 54 % to 56 %.

EMPLOYEES

As at September 30, 2018, the Eckert & Ziegler Group had a total of 789 employees worldwide. In comparison to the previous year, the number of employees increased by 25. Major changes primarily resulted from the acquisition of WOMED, which was acquired in January of this year.

OUTLOOK

Since the 2018 nine months result contains only a few extraordinary effects and the good business development included almost all of the main product groups, the Executive Board now assumes that the consolidated earnings from continuing operations will increase by at least 28 % for the entire year of 2018 compared to the previous year. The previous target of € 2.50 thus increases to around € 2.80 per share. Based on the assumption that the euro exchange rate does not exceed $ 1.15, the Executive Board expects a turnover of approx. € 165 million.

CONSOLIDATED INCOME STATEMENT

€ thousand	**9-monthly Report 1–9/2018**	9-monthly Report 1–9/2017
Continued operations		
Revenues	123,810	100,422
Cost of sales	– 68,585	– 52,596
Gross profit on sales	**55,225**	**47,826**
Selling expenses	– 15,573	– 14,295
General and administrative expenses	– 19,134	– 17,097
Other operating income	1,138	1,390
Other operating expenses	– 2,847	– 2,200
Profit from operations	**18,809**	**15,624**
Other financial results	– 176	– 778
Earnings before interest and taxes (EBIT)	**18,633**	**14,846**
Interest received	102	97
Interest paid	– 465	– 563
Profit before tax	**18,270**	**14,380**
Income tax expense	– 4,673	– 4,848
Net income/loss from continued operations	**13,597**	**9,532**
Results from discontinued operations, net	–	3,161
Net income	**13,597**	**12,693**
Profit/loss attributable to minority interests	– 575	– 416
Profit attributable to the shareholders of Eckert & Ziegler AG	**13,022**	**12,277**
Earnings per share from continued and discontinued operations		
Basic	2.50	2.32
Diluted	2.50	2.32
Earnings per share		
Basic	2.50	1.72
Diluted	2.50	1.72
Average number of shares in circulation (basic)	5,203	5,288
Average number of shares in circulation (diluted)	5,203	5,288

GROUP STATEMENT OF COMPREHENSIVE INCOME

€ thousand	9-monthly Report 1–9/2018	9-monthly Report 1–9/2018
Profit for the period	**13,597**	**12,693**
Of which attributable to other shareholders	575	416
Of which attributable to shareholders of Eckert & Ziegler AG	13,022	12,277
Items that could subsequntly be reclassified into the income statement if certain conditions are met		
Adjustment of balancing item from the currency translation of foreign subsidiaries	2,223	– 3,825
Amount reposted to income statement	0	– 223
Adjustment of amount recorded in shareholders' equity (Currency translation)	**2,223**	**– 4,048**
Total of value adjustments recorded in shareholders' equity	**2,223**	**– 4,048**
Of which attributable to other shareholders	– 7	27
Of which attributable to shareholders of Eckert & Ziegler AG	2,230	– 4,075
Total from net income and value adjustments recorded in shareholders' equity	**15,820**	**8,645**
Of which attributable to other shareholders	568	443
Of which attributable to shareholders of Eckert & Ziegler AG	15,252	8,202

GROUP STATEMENT OF CASH FLOWS

€ thousand	**9-monthly Report 1/1 – 30/9/2018**	9-monthly Report 1/1 – 30/9/2017
Cash flows from operating activities:		
Profit for the period	13,597	12,693
Adjustments for:		
Depreciation and value impairments	6,271	6,088
Income tax expense	4,673	–
Income tax payments	– 6,202	–
Non-cash release of deferred income from grants	– 112	– 82
Gains (–)/losses on the disposal of non-current assets	4	76
Profit/loss from the sale of shares consolidated companies	–	– 4,720
Change in the non-current provisions, other non-current liabilities	2,052	710
Change in other non-current assets and receivables	– 284	497
Miscellaneous	– 767	– 585
Changes in current assets and liabilities:		
Receivables	– 4,031	1,163
Inventories	967	3,114
Accruals, other current assets	– 566	1,672
Change in the current liabilities and provisions	– 1,658	– 171
Cash inflows generated from operating activities	**13,944**	**20,455**
Cash flows from investing activities:		
Purchase (–)/sale of non-current assets	– 4,452	– 3,371
Sales of fixed assets	13	18
Acquisitions of consolidated enterprises	– 2,101	– 5,865
Proceeds from the sale of consolidated companies accounted for using the equity method	–	2,098
Sale of shares in consolidated companies	–	12,249
Cash inflows/outflows from investment activity	**– 6,540**	**5,129**
Cash flows from financing activities:		
Paid dividends	– 4,133	– 3,490
Distribution of shares of third parties	– 66	– 125
Purchase of own shares	– 1,200	– 4,225
Chance in long-term borrwing	– 2,500	–
Chance in short-term borrwing	– 9,648	–
Granting of a loan	1,075	–
Aquisution of shares of consolidated companies	–	– 575
Cash outflows from financing activities	**– 16,472**	**– 8,415**
Effect of exchange rates on cash and cash equivalents	416	– 783
Increase/reduction in cash and cash equivalents	**– 8,652**	**16,386**
Cash and cash equivalents at beginning of period	**57,707**	**36,567**
Cash and cash equivalents at end of period	**49,055**	**52,953**

GROUP BALANCE SHEETS

€ thousand	Sep 30, 2018	Dec 31, 2017
ASSETS		
Non current assets		
Goodwill	43,807	41,333
Other intangible assets	7,887	10,106
Property, plant and equipment	34,979	33,829
Investments valuated according to the equity method	3,293	3,202
Trade receivables	258	338
Deferred tax	9,499	8,841
Other non-current assets	6,443	3,510
Total non-current assets	**106,166**	**101,159**
Current assets		
Cash and cash equivalents	49,047	57,707
Trade accounts receivable	26,556	24,305
Inventories	28,347	26,768
Other current assets	6,438	7,048
Total current assets	**110,388**	**115,828**
Total assets	**216,554**	**216,987**
EQUITY AND LIABILITIES		
Capital and reserves		
Subscribed capital	5,293	5,293
Capital reserves	53,625	53,500
Retained earnings	65,099	56,208
Other reserves	– 403	– 2,633
Own shares	– 8,725	– 27
Portion of equity attributable to the shareholders of Eckert & Ziegler AG	**114,889**	**112,341**
Minority interests	5,678	5,176
Total shareholders' equity	**120,567**	**117,517**
Non-current liabilities		
Long-term borrowings	44	46
Deferred income from grants and other deferred income	3,043	3,152
Deferred tax	4,157	2,306
Retirement benefit obligations	11,828	11,675
Other provisions	48,125	45,499
Other non-current liabilities	2,853	2,848
Total non current liabilities	**70,050**	**65,526**
Current liabilities		
Short-term borrowings	473	1,687
Trade accounts payable	2,897	4,504
Advance payments received	4,313	5,859
Deferred income from grants and other deferred income	123	171
Current tax payable	106	4,096
Current tax payable	3,163	3,163
Other current liabilities	14,862	14,464
Total current liabilities	**25,937**	**33,944**
Total equity and liabilities	**216,554**	**216,987**

STATEMENTS OF SHAREHOLDERS´EQUITY

	Subscribed capital				Cumulative other equity items						
	Number	Nominal value	Capital reserve	Retained reserves	Unrealized profit securities	Unrealized profit pension commit-ments	Foreign currency exchange differences	Own shares	Equity attributable to share-holders' equity	Minority shares	Group share holders' equity
	Piece	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand	€ thousand
As of January 1, 2017	**5,292,983**	**5,293**	**53,500**	**44,997**	**0**	**– 3,056**	**4,483**	**– 27**	**105,190**	**4,887**	**110,077**
Total of expenditures and income directly entered in equity	0	0	0	0	0	207	– 4,267	0	– 4,060	3	– 4,057
Net profit for the year				14,701					14,701	421	15,122
Total income for the period	0	0	0	14,701	0	207	– 4,267	0	10,641	424	11,065
Dividends paid/resolved				– 3,490					– 3,490	– 155	– 3,645
Purchase/sale of minority interests				0					0	20	20
As of December 31, 2017	**5,292,983**	**5,293**	**53,500**	**56,208**	**0**	**– 2,849**	**216**	**– 27**	**112,341**	**5,176**	**117,517**
As of January 1, 2018	**5,292,983**	**5,293**	**53,500**	**56,208**	**0**	**– 2,849**	**216**	**– 27**	**112,341**	**5,176**	**117,517**
Total of expenditures and income directly entered in equity	0	0	0	0	0	0	2,230	0	2,230	– 7	2,223
Net profit for the year				13,022					13,022	575	13,597
Total income for the period	0	0	0	13,022	0	0	2,230	0	15,252	568	15,820
Dividends paid/resolved				– 4,131					– 4,131	– 66	– 4,197
Purchase of own shares			125	0				– 8,698	– 8,573		– 8,573
As of September 30, 2018	**5,292,983**	**5,293**	**53,625**	**65,099**	**0**	**– 2,849**	**2,446**	**– 8,725**	**114,889**	**5,678**	**120,567**

SEGMENTAL REPORT

	Isotope Products		Radiation Therapy		Radiopharma		Holding		Elimination		Total	
€ thousand	**1–9/2018**	1–9/2017	**1–9/2018**	1–9/2017	**1–9/2018**	1–9/2017	**1–9/2018**	1–9/2017	**1–9/2018**	1–9/2017	**1–9/2018**	1–9/2017
Sales to external customers	79,291	61,513	21,060	18,271	23,459	20,628	0	11	0	0	123,810	100,422
Sales to other segments	4,398	2,216	0	36	0	0	3,968	4,222	– 8,367	– 6,475	0	0
Total segment sales	83,689	63,729	21,060	18,308	23,459	20,628	3,968	4,233	– 8,367	– 6,475	123,810	100,422
Segment profit before interest and profit taxes (EBIT)	11,964	7,633	818	1,219	7,647	6,512	– 1,797	– 498	0	– 20	18,633	14,846
Interest expenses and revenues	– 211	– 98	– 90	– 154	– 4	– 172	– 58	– 51	0	9	– 363	– 466
Income tax expense	– 2,853	– 2,901	33	– 35	– 2,215	– 1,899	0	– 13	362	0	– 4,673	– 4,848
Results from discontinued operations, net	0	0	0	0	0	3,161	0	0	0	0	0	3,161
Profit before minority interests	8,900	4,635	761	1,030	5,429	7,602	– 1,855	– 562	362	– 11	13,597	12,693

SEGMENTAL REPORT

	Isotope Products		Radiation Therapy		Radiopharma		Others		Total	
€ thousand	**1–9/2018**	1–9/2017	**1–9/2018**	1–9/2017	**1–9/2018**	1–9/2017	**1–9/2018**	1–9/2017	**1–9/2018**	1–9/2017
Segmental assets	137,166	123,192	48,239	33,602	31,356	33,602	97,934	103,272	314,695	293,668
Elimination of inter-segmental shares, equity investments and receivables									– 98,141	– 87,226
Consolidated total assets									216,554	206,442
Segmental liabilities	– 74,416	– 64,148	– 13,985	– 12,781	– 14,595	– 18,619	– 3,088	– 4,164	– 106,084	– 99,711
Elimination of intersegmental liabilities									10,097	8,376
Consolidated liabilities									– 95,987	– 91,335
Investments (without acquisitions)	2,400	1,927	1,293	366	1,892	956	64	103	5,649	3,352
Depreciation	– 3,130	– 2,653	– 2,042	– 1,509	– 921	– 1,160	– 179	– 320	– 6,272	– 5,642
Non-cash income (+)/expenses (–)	– 1,199	– 513	– 210	75	597	– 2,048	1,192	993	380	– 1,493

SALES BY REGIONS

	1–9/2018		1–9/2017	
	€ million	%	€ million	%
Europe	60.5	49	48.8	49
North America	41.5	34	35.5	35
Asia/Pacific	11.8	9	8.9	9
Others	10.0	8	7.2	7
Total	**123.8**	**100**	**100.4**	**100**

NOTES TO THE INTERIM FINANCIAL STATEMENTS

1. GENERAL INFORMATION

These unaudited consolidated interim financial statements as of September 30, 2018, comprise the financial statements of Eckert & Ziegler Strahlen- und Medizintechnik AG and its subsidiaries (hereinafter also referred to as “Eckert & Ziegler AG”).

2. ACCOUNTING AND MEASUREMENT METHODS

The consolidated financial statements (interim financial statements) of Eckert & Ziegler AG as of September 30, 2018, have been prepared in accordance with the International Financial Reporting Standards (IFRS), as were the 2016 annual financial statements. All the standards of the International Accounting Standards Board (IASB), London, applicable in the EU on the reporting date as well as the valid interpretations of the International Financial Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC) have been taken into consideration. The accounting and measurement methods detailed in the notes to the 2016 annual financial statements have been applied without any changes.

For the preparation of the consolidated financial statements in accordance with IFRS, it is necessary to make estimates and assumptions which affect the amounts and reporting of the assets and liabilities as well as income and expenses recognized. The actual figures may differ from the estimates. Significant assumptions and estimates are made for the useful life and net realizable value of assets, the recoverability of receivables and the recognition and measurement of provisions.

This interim report contains all the necessary information and adjustments that are required to give a true and fair view of the net assets, financial position and results of operations of Eckert & Ziegler AG for the interim report. The results recorded during the current financial year are not necessarily indicative of future results.

3. GROUP OF CONSOLIDATED COMPANIES

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

Acquisitions and disposals of companies

We refer to the notes under section 4 for information about acquisitions and disposals of companies.

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

At the start of May 2017, the Executive Board announced its decision to discontinue the Cyclotron unit. The unit produces short-lived radiodiagnostics for oncological and neurological applications. It recorded sales of € 6.1 million and a profit of € 3.6 million in the first nine months of 2017. The business was sold on May 5, 2017. This accounted for a large part of the profit from discontinued operations. Expenses and income were eliminated from the income statement in 2017. The profits and losses are reported in the result from discontinued operations. The shares in Curasight ApS were also reclassified as non-current assets held for sale as per the resolution in June 2017. The shares were written down to their fair value.

The net cash flows from discontinued operations are as follows:
- from operating activities: € 0.0 million (Q3 2017: € 0.9 million),
- from investing activities: € 0.0 million (Q3 2017: € – 0.5 million),
- from financing activities: € 0.0 million (Q3 2017: € 12.2 million).

By agreement dated May 31, 2017, Eckert & Ziegler Isotope Products Holdings GmbH acquired the main parts of the Gamma-Service Group based in Saxony, Germany. As part of the purchase price allocation, the assets and liabilities acquired were initially recognized in the consolidated balance sheet as of September 30, 2017, in accordance with IFRS 3.45, at provisional values.

This had a material impact on the Group's net assets and results of operations as against the first nine months of 2017, impairing the comparability of the consolidated report with the prior year.

5. CURRENCY TRANSLATION

The financial statements of companies outside the euro area are translated based on the functional currency concept. The following exchange rates were used for the currency conversion:

Country	Currency	**Exchange rate 30/9/2018**	Exchange rate 31/12/2017	**Average rate 1/1–30/9/2018**	Average rate 1/1–30/9/2017
USA	USD	1.1576	1.1806	1.1943	1.1139
Czech Republic	CZK	25.7310	25.9810	25.5743	26.5494
Great Britain	GBP	0.8873	0.8818	0.8841	0.8732
Poland	PLN	4.2774	4.3042	4.2485	4.2660
Brazil	BRL	4.6535	3.7635	4.2965	3.5338
Russia	RUB	76.1422	68.2519	73.4151	65.0158
India	INR	83.9160	77.0690	80.1924	72.6472
Switzerland	CHF	1.1316	1.1457	1.1609	1.0952

6. PORTFOLIO OF TREASURY SHARES

As of September 30, 2018, Eckert & Ziegler AG held 229.818 treasury shares. This corresponds to 4.34 % of the company's share capital.

7. MATERIAL TRANSACTIONS WITH RELATED PARTIES

With regard to material transactions with related parties, we refer to the disclosures in the consolidated annual financial statements as of December 31, 2017.

Berlin, November 12, 2018

Dr. Andreas Eckert [Chief Executive Officer]	Dr. Harald Hasselmann [Member of the Executive Board]	Dr. Lutz Helmke [Member of the Executive Board]

FINANCIAL CALENDAR

November 27, 2018	German Equity Forum in Frankfurt
December 20, 2018	Extraordinary General Meeting in Berlin
March 28, 2019	Annual Report 2018
May 7, 2019	Quarterly Report I/2019
May 29, 2019	Annual Shareholder Meeting in Berlin
August 13, 2019	Quarterly Report II/2019
November 12, 2019	Quarterly Report III/2019

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