

Buy (old: Buy)

Price target: EUR 17.10 (old: EUR 17.10)

Price: EUR 10.52 **Next result:** AGM 09.06.11
Bloomberg: NTG GR **Market cap:** EUR 88.0 m
Reuters: NTGG.DE **Enterprise Value:** EUR 157.8 m

31-May-11

Sascha Berresch, CFA
Analyst

sascha.berresch@ha-research.de
Tel.: +49 40 4143885 85

Final Q1 numbers – Positive Outlook confirmed

As Nabaltec reported preliminary figures on May 2, organic sales growth of 45% yoy to € 35.3m and a jump in EBIT by 321% yoy to € 3.9m is nothing new. However, the report reveals that the **pricing environment has improved markedly** due to tight capacities and as competitors are lifting prices to compensate for higher raw material costs (preferred sourcing has ended). End of last year, Nabaltec informed customers about price increase of 17-23% for its high performance ATH based flame retardants (eH&A 50% of total sales). As the company does not face comparable cost increases, the **gross margin has improved strongly by 4.5pp yoy to 48.4%**, also supported by a positive shift in the product mix to higher value added products.

Also, the **decline in the personnel cost ratio by 2.4pp to 14.9% (17.3%)** underpins the high operating leverage of the company thanks to a highly automated production process which runs 24/7. D&A, which shot up from € 2.2m (or 3.6% of sales) in '05 to € 7.8m (or 6.9% of sales) in '10 driven by the significant expansion of capacities (c. € 120m in investments) additionally supports strong disproportionate EBIT growth.

Thanks to the bond issue at the end of '10 (€ 30m) and the improving cash generation (i.e. **CFO of € 8.6m in Q1** vs. € 15m for FY '10), **Nabaltec has sufficient financial flexibility** to meet debt redemption (c. € 8m in FY '11E) and to finance the planned expansion of capacities by 20k tpa in high performance flame retardants.

Due to an increasing demand for non-hazardous and non-toxic flame retardants (phase out of brominated flame retardants), the successful price increases (full effect to be seen in Q2/Q3 due to different contract terms) and the ramp up of high margin products (Boehmite for PCBs and stabiliser for PVC), management **confirmed its outlook of double digit sales growth and disproportionate earnings growth**. Incoming orders were significantly higher than sales in Q1 which led the order book to increase to € 59m. Nabaltec faces little seasonality and Q1 should be seen as a conservative run rate which implies **upside potential for '11E of up to 20%**.

Strong structural growth in an oligopolistic market with high entry barriers set the stage for sound top and bottom line growth driven by volume AND price. **Further, a high operating and financial leverage** should provide an extra boost to earnings (100% CAGR 2010-2013E). **Remains BUY, PT € 17.10 based on FCFY '12E.**



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks: 10.90 / 3.90
Price/Book Ratio: 1.8
Relative performance (SDAX):
3 months 51.6 %
6 months 37.7 %
12 months 121.6 %

Changes in estimates

		Sales	EBIT	EPS
2011	old:	140.7	13.7	0.67
	Δ	-	-	-
2012	old:	163.0	20.0	1.25
	Δ	-	-	-
2013	old:	183.0	25.5	1.80
	Δ	-	-	-

Key share data:

Number of shares: (in m pcs) 8.0
Authorised capital: (in € m) 3.0
Book value per share: (in €) 6.0
Ø trading volume: (12 months) 20,000

Major shareholders:

Free Float 37.5 %
Family Heckmann 32.9 %
Family Witzany 29.7 %

Company description:

Nabaltec is focused on the production of functional fillers for plastics such as non-hazardous and non-toxic flame retardants used in electrical and electronic equipment.

Y/E 31.12 (EUR m)	2007	2008	2009	2010	2011E	2012E	2013E
Sales	88.1	96.3	73.1	112.7	140.7	163.0	183.0
Sales growth	23 %	9 %	-24 %	54 %	25 %	16 %	12 %
EBITDA	8.4	9.3	3.7	14.3	21.8	29.0	35.4
EBIT	4.0	4.1	-2.7	6.5	13.7	20.0	25.5
Net income	2.4	1.1	-5.0	1.8	5.3	10.0	14.4
Net debt	33.8	42.9	57.6	52.9	56.8	55.2	42.0
Net gearing	68.4 %	87.5 %	128.4 %	115.0 %	118.7 %	97.6 %	59.9 %
Net Debt/EBITDA	4.0	4.6	15.4	3.7	2.6	1.9	1.2
EPS fully diluted	0.29	0.14	-0.63	0.22	0.67	1.25	1.80
CPS	2.06	0.63	0.02	0.28	0.45	1.17	1.79
DPS	0.00	0.00	0.00	0.00	0.10	0.20	0.30
Dividend yield	0.9 %	0.0 %	0.0 %	0.0 %	0.9 %	1.8 %	2.7 %
Gross profit margin	43.9 %	42.8 %	46.7 %	46.0 %	46.9 %	47.9 %	48.9 %
EBITDA margin	9.5 %	9.7 %	5.1 %	12.7 %	15.5 %	17.8 %	19.3 %
EBIT margin	4.5 %	4.3 %	-3.7 %	5.8 %	9.7 %	12.2 %	14.0 %
ROCE	4.6 %	4.2 %	-2.5 %	5.3 %	10.1 %	14.9 %	18.8 %
EV/sales	1.5	1.5	2.1	1.4	1.1	1.0	0.8
EV/EBITDA	15.7	15.1	42.0	10.8	7.2	5.4	4.0
EV/EBIT	33.0	34.1	-57.9	23.5	11.5	7.8	5.6
PER	25.4	79.2	-17.6	49.5	16.5	8.8	6.1
Adjusted FCF yield	4.0 %	3.0 %	-0.4 %	5.0 %	7.0 %	10.3 %	14.0 %

Source: Company data, Hauck & Aufhäuser Close price as of: 27.05.2011

<i>EURm</i>	Q1 11	Q1 11 est	Q1 10	yoy	Q4 10	qoq
Sales	35.3	32.5	24.4	45.0%	30.9	14.1%
Functional fillers	24.1	23.0	16.6	45.2%	21.1	14.2%
Technical Ceramics	11.2	9.5	7.8	43.6%	9.8	14.3%
Gross profit	17.1	15.3	10.7	59.9%	14.6	16.8%
Gross margin (%)	48.4%	47.0%	43.9%	+ 4.5 <i>pp</i>	47.2%	+ 1.1 <i>pp</i>
EBITDA	5.9	5.0	2.8	108.1%	3.3	79.7%
EBITDA margin (%)	16.7%	15.3%	11.7%	+ 5.1 <i>pp</i>	10.6%	+ 6.1 <i>pp</i>
EBIT	3.9	2.9	0.9	324.0%	1.3	193.6%
EBIT margin (%)	11.1%	8.8%	3.8%	+ 7.3 <i>pp</i>	4.3%	+ 6.8 <i>pp</i>
EPS	0.20	0.12	0.01	2965.4%	-0.06	n.a.

Source: Company data; Hauck&Aufhäuser Institutional Research

Financials

Profit and loss (EUR m)	2007	2008	2009	2010	2011E	2012E	2013E
Net sales	88.1	96.3	73.1	112.7	140.7	163.0	183.0
<i>Sales growth</i>	23.1 %	9.3 %	-24.1 %	54.3 %	24.8 %	15.9 %	12.2 %
Increase/decrease in finished goods and work-in-process	1.3	4.4	-1.7	-0.1	0.0	0.0	0.0
Total sales	89.4	100.6	71.4	112.6	140.7	163.0	183.0
Other operating income	2.4	1.9	1.0	2.2	1.4	1.5	1.5
Material expenses	50.2	57.5	38.1	60.8	74.8	84.9	93.5
Personnel expenses	15.6	17.1	15.6	19.0	21.1	22.7	24.5
Other operating expenses	17.6	18.6	15.0	20.7	24.5	27.8	31.1
Total operating expenses	81.1	91.3	67.6	98.3	118.9	134.0	147.6
EBITDA	8.4	9.3	3.7	14.3	21.8	29.0	35.4
Depreciation	4.4	5.2	6.4	7.8	8.1	9.1	9.9
EBITA	4.0	4.1	-2.7	6.5	13.7	20.0	25.5
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Impairment charges	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	4.0	4.1	-2.7	6.5	13.7	20.0	25.5
Interest income	0.5	0.6	0.1	0.2	0.4	0.2	0.1
Interest expenses	3.3	3.7	4.4	5.3	5.6	5.0	4.2
Other financial result	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-2.8	-3.1	-4.3	-5.1	-5.2	-4.8	-4.1
Recurring pretax income from continuing operations	1.2	1.0	-7.0	1.4	8.5	15.1	21.5
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	1.2	1.0	-7.0	1.4	8.5	15.1	21.5
Taxes	0.5	1.2	-1.7	-0.7	2.6	4.5	6.4
Net income from continuing operations	0.7	-0.2	-5.3	2.1	6.0	10.6	15.0
Result from discontinued operations (net of tax)	1.1	0.0	0.0	0.0	0.0	0.0	0.0
Net income	0.7	-0.2	-5.3	2.1	6.0	10.6	15.0
Minority interest	-1.7	-1.3	-0.3	0.3	0.6	0.6	0.6
Net income (net of minority interest)	2.4	1.1	-5.0	1.8	5.3	10.0	14.4
Average number of shares	8.0	8.0	8.0	8.0	8.0	8.0	8.0
EPS reported	0.29	0.14	-0.63	0.22	0.67	1.25	1.80

Profit and loss (common size)	2007	2008	2009	2010	2011E	2012E	2013E
Net sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Increase/decrease in finished goods and work-in-process	1.5 %	4.5 %	-2.3 %	0.0 %	0.0 %	0.0 %	0.0 %
Total sales	101.5 %	104.5 %	97.7 %	100.0 %	100.0 %	100.0 %	100.0 %
Other operating income	2.8 %	2.0 %	1.4 %	1.9 %	1.0 %	0.9 %	0.8 %
Material expenses	57.0 %	59.8 %	52.1 %	54.0 %	53.1 %	52.1 %	51.1 %
Personnel expenses	17.8 %	17.8 %	21.3 %	16.9 %	15.0 %	13.9 %	13.4 %
Other operating expenses	20.0 %	19.3 %	20.5 %	18.3 %	17.4 %	17.1 %	17.0 %
Total operating expenses	92.0 %	94.9 %	92.6 %	87.2 %	84.5 %	82.2 %	80.7 %
EBITDA	9.5 %	9.7 %	5.1 %	12.7 %	15.5 %	17.8 %	19.3 %
Depreciation	5.0 %	5.4 %	8.8 %	6.9 %	5.7 %	5.6 %	5.4 %
EBITA	4.5 %	4.3 %	-3.7 %	5.8 %	9.7 %	12.2 %	14.0 %
Amortisation of goodwill	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Amortisation of intangible assets	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Impairment charges	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
EBIT	4.5 %	4.3 %	-3.7 %	5.8 %	9.7 %	12.2 %	14.0 %
Interest income	0.5 %	0.6 %	0.2 %	0.2 %	0.3 %	0.1 %	0.1 %
Interest expenses	3.7 %	3.8 %	6.1 %	4.7 %	4.0 %	3.1 %	2.3 %
Other financial result	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	-3.2 %	-3.2 %	-5.9 %	-4.5 %	-3.7 %	-3.0 %	-2.2 %
Recurring pretax income from continuing operations	1.3 %	1.1 %	-9.6 %	1.3 %	6.1 %	9.3 %	11.7 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Earnings before taxes	1.3 %	1.1 %	-9.6 %	1.3 %	6.1 %	9.3 %	11.7 %
Tax rate	43.7 %	118.3 %	24.2 %	-45.5 %	30.0 %	30.0 %	30.0 %
Net income from continuing operations	0.7 %	-0.2 %	-7.3 %	1.9 %	4.2 %	6.5 %	8.2 %
Income from discontinued operations (net of tax)	1.2 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	0.7 %	-0.2 %	-7.3 %	1.9 %	4.2 %	6.5 %	8.2 %
Minority interest	-1.9 %	-1.4 %	-0.4 %	0.3 %	0.4 %	0.3 %	0.4 %
Net income (net of minority interest)	2.7 %	1.2 %	-6.9 %	1.6 %	3.8 %	6.2 %	7.9 %

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2007	2008	2009	2010	2011E	2012E	2013E
Intangible assets	0.3	0.4	0.2	0.2	0.2	0.2	0.2
Property, plant and equipment	82.5	96.9	108.5	109.0	115.9	121.9	120.0
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FIXED ASSETS	82.8	97.3	108.7	109.2	116.2	122.1	120.2
Inventories	17.8	28.4	19.2	21.4	26.7	31.0	34.8
Accounts receivable	2.8	1.3	0.5	1.6	2.0	2.3	2.6
Other current assets	11.6	3.2	3.0	3.5	3.5	3.5	0.0
Liquid assets	1.7	1.9	0.5	29.0	15.7	8.7	11.7
Deferred taxes	0.0	0.0	0.0	1.3	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.2	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	34.1	34.9	23.1	56.8	48.0	45.4	49.1
TOTAL ASSETS	116.9	132.2	131.8	166.0	164.1	167.5	169.3
SHAREHOLDERS EQUITY	49.3	49.0	44.9	46.0	47.8	56.6	70.1
MINORITY INTEREST	-1.9	-4.0	-4.0	-4.0	-1.0	0.0	0.0
Long-term debt	28.7	34.6	53.4	73.6	64.5	55.9	48.7
Provisions for pensions and similar obligations	9.6	9.6	11.1	13.1	13.1	13.1	13.1
Other provisions	2.0	1.5	1.3	0.8	0.8	0.8	0.0
Non-current liabilities	40.2	45.8	65.8	87.4	78.3	69.7	61.7
short-term liabilities to banks	6.8	10.2	4.7	8.3	8.0	8.0	5.0
Accounts payable	11.4	9.5	6.1	11.2	14.0	16.3	18.3
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	7.7	17.6	13.1	14.2	14.2	14.2	14.2
Deferred taxes	3.4	3.9	2.1	2.7	2.7	2.7	0.0
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	29.3	41.3	25.9	36.5	39.0	41.2	37.5
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	117.0	132.2	132.7	166.0	164.1	167.6	169.3

Balance sheet (common size)	2007	2008	2009	2010	2011E	2012E	2013E
Intangible assets	0.2 %	0.3 %	0.2 %	0.1 %	0.1 %	0.1 %	0.1 %
Property, plant and equipment	70.5 %	73.3 %	81.8 %	65.7 %	70.6 %	72.7 %	70.9 %
Financial assets	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
FIXED ASSETS	70.7 %	73.6 %	81.9 %	65.8 %	70.8 %	72.8 %	71.0 %
Inventories	15.3 %	21.5 %	14.5 %	12.9 %	16.3 %	18.5 %	20.5 %
Accounts receivable	2.4 %	1.0 %	0.4 %	1.0 %	1.2 %	1.4 %	1.5 %
Other current assets	9.9 %	2.4 %	2.2 %	2.1 %	2.1 %	2.1 %	0.0 %
Liquid assets	1.4 %	1.5 %	0.4 %	17.4 %	9.6 %	5.2 %	6.9 %
Deferred taxes	0.0 %	0.0 %	0.0 %	0.8 %	0.0 %	0.0 %	0.0 %
Deferred charges and prepaid expenses	0.1 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
CURRENT ASSETS	29.1 %	26.4 %	17.4 %	34.2 %	29.2 %	27.1 %	29.0 %
TOTAL ASSETS	99.9 %	100.0 %	99.4 %	100.0 %	100.0 %	100.0 %	100.0 %
SHAREHOLDERS EQUITY	42.2 %	37.1 %	33.8 %	27.7 %	29.1 %	33.8 %	41.4 %
MINORITY INTEREST	-1.6 %	-3.0 %	-3.0 %	-2.4 %	-0.6 %	0.0 %	0.0 %
Long-term debt	24.5 %	26.2 %	40.3 %	44.3 %	39.3 %	33.4 %	28.8 %
Provisions for pensions and similar obligations	8.2 %	7.3 %	8.4 %	7.9 %	8.0 %	7.8 %	7.7 %
Other provisions	1.7 %	1.2 %	1.0 %	0.5 %	0.5 %	0.5 %	0.0 %
Non-current liabilities	34.4 %	34.7 %	49.6 %	52.7 %	47.7 %	41.6 %	36.5 %
short-term liabilities to banks	5.8 %	7.7 %	3.6 %	5.0 %	4.9 %	4.8 %	3.0 %
Accounts payable	9.7 %	7.2 %	4.6 %	6.8 %	8.6 %	9.7 %	10.8 %
Advance payments received on orders	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other liabilities (incl. from lease and rental contracts)	6.6 %	13.3 %	9.8 %	8.6 %	8.7 %	8.5 %	8.4 %
Deferred taxes	2.9 %	3.0 %	1.6 %	1.6 %	1.7 %	1.6 %	0.0 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Current liabilities	25.0 %	31.2 %	19.6 %	22.0 %	23.8 %	24.6 %	22.1 %
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Source: Company data, Hauck & Aufhäuser

Cash flow statement (EUR m)	2007	2008	2009	2010	2011E	2012E	2013E
Net profit/loss	0.7	-0.2	-5.3	2.1	6.0	10.6	15.0
Depreciation of fixed assets (incl. leases)	4.4	5.2	6.4	7.8	8.1	9.1	9.9
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	11.4	0.0	-0.9	-0.8	0.0	0.0	0.0
Cash flow from operations before changes in w/c	16.5	5.0	0.2	9.1	14.0	19.7	24.9
Increase/decrease in inventory	-3.5	-10.6	9.2	-2.2	-5.3	-4.2	-3.8
Increase/decrease in accounts receivable	-0.4	1.5	1.4	-1.7	-0.4	-0.3	-0.3
Increase/decrease in accounts payable	1.5	-1.9	-10.5	4.1	2.8	2.2	2.0
Increase/decrease in other working capital positions	2.3	6.5	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	0.0	-4.5	0.0	0.1	-2.9	-2.3	-2.1
Cash flow from operating activities	16.4	0.6	0.2	9.2	11.1	17.3	22.8
CAPEX	27.0	21.5	20.4	7.5	15.0	15.0	8.0
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	5.2	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	-27.2	-16.3	-20.4	-7.5	-15.0	-15.0	-8.0
Cash flow before financing	-10.8	-15.8	-20.2	1.7	-3.9	2.3	14.8
Increase/decrease in debt position	2.5	9.9	18.8	28.7	-9.4	-8.6	-10.2
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	0.8	0.8	0.0	0.0	0.0	0.8	1.6
Others	-0.3	6.8	0.0	-2.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	-0.1	0.1	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	1.5	15.9	18.8	26.7	-9.4	-9.4	-11.8
Increase/decrease in liquid assets	-9.4	0.2	-1.4	28.4	-13.3	-7.0	3.0
Liquid assets at end of period	1.7	2.0	0.6	29.0	15.8	8.7	11.8

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2007	2008	2009	2010	2011E	2012E	2013E
Domestic	28.2	33.7	22.0	35.1	42.0	46.0	50.0
yoy change	13.8 %	19.5 %	-34.8 %	59.4 %	19.8 %	9.5 %	8.7 %
Rest of Europe	48.5	48.9	37.3	50.2	62.4	74.9	85.0
yoy change	25.4 %	0.7 %	-23.7 %	34.6 %	24.4 %	20.0 %	13.5 %
NAFTA	6.2	7.8	7.8	17.1	22.0	25.0	28.0
yoy change	44.8 %	26.0 %	0.6 %	119.5 %	28.4 %	13.6 %	12.0 %
Asia Pacific	0.0	0.0	0.0	0.0	0.0	0.0	0.0
yoy change	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Rest of world	5.7	5.9	6.0	10.4	14.0	17.0	20.6
yoy change	33.3 %	4.6 %	0.9 %	72.8 %	35.0 %	21.4 %	21.2 %
TTL	88.6	96.3	73.1	112.7	140.4	162.9	183.6
yoy change	23.0 %	8.7 %	-24.1 %	54.3 %	24.6 %	16.0 %	12.7 %

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2007	2008	2009	2010	2011E	2012E	2013E
P&L growth analysis							
Sales growth	23.1 %	9.3 %	-24.1 %	54.3 %	24.8 %	15.9 %	12.2 %
EBITDA growth	27.0 %	11.5 %	-59.9 %	283.5 %	52.1 %	33.3 %	21.9 %
EBIT growth	-0.7 %	3.6 %	-165.6 %	-342.1 %	109.2 %	45.7 %	28.0 %
EPS growth	-1032.8 %	-52.9 %	-550.9 %	-135.5 %	200.0 %	87.9 %	43.6 %
Efficiency							
Total operating costs / sales	92.0 %	94.9 %	92.6 %	87.2 %	84.5 %	82.2 %	80.7 %
Sales per employee	290.8	285.7	210.5	312.2	369.2	416.9	456.2
EBITDA per employee	27.6	27.6	10.8	39.7	57.2	74.3	88.3
Balance sheet analysis							
Avg. working capital / sales	9.1 %	15.3 %	23.2 %	11.3 %	9.4 %	9.7 %	9.9 %
Inventory turnover (sales/inventory)	4.9	3.4	3.8	5.3	5.3	5.3	5.3
Trade debtors in days of sales	11.5	4.9	2.5	5.2	5.2	5.2	5.2
A/P turnover [(A/P*365)/sales]	47.2	36.0	30.3	36.4	36.4	36.4	36.4
Cash conversion cycle (days)	58.4	124.9	128.4	66.2	67.2	68.4	69.7
Cash flow analysis							
Free cash flow	-10.6	-20.9	-20.2	1.7	-3.9	2.3	14.8
Free cash flow/sales	-12.0 %	-21.7 %	-27.6 %	1.5 %	-2.8 %	1.4 %	8.1 %
FCF / net profit	-448.6 %	-1882.6 %	402.6 %	97.5 %	-72.6 %	23.4 %	102.9 %
FCF yield	-12.0 %	-23.8 %	-22.9 %	2.0 %	-4.4 %	2.7 %	16.8 %
Capex / depn	622.4 %	413.9 %	316.8 %	96.5 %	185.5 %	165.1 %	81.2 %
Capex / maintenance capex	617.4 %	413.9 %	316.8 %	107.1 %	200.0 %	187.5 %	94.1 %
Capex / sales	30.9 %	22.3 %	27.9 %	6.7 %	10.7 %	n/a	n/a
Security							
Net debt	33.8	42.9	57.6	52.9	56.8	55.2	42.0
Net Debt/EBITDA	4.0	4.6	15.4	3.7	2.6	1.9	1.2
Net debt / equity	0.7	0.9	1.3	1.1	1.2	1.0	0.6
Interest cover	1.2	1.1	0.0	1.2	2.5	4.0	6.1
Dividend payout ratio	33.9 %	0.0 %	0.0 %	0.0 %	14.5 %	15.8 %	16.7 %
Asset utilisation							
Capital employed turnover	0.9	1.0	0.7	0.8	1.1	1.2	1.3
Operating assets turnover	1.0	0.8	0.6	0.9	1.1	1.2	1.3
Plant turnover	1.1	1.0	0.7	1.0	1.2	1.3	1.5
Inventory turnover (sales/inventory)	4.9	3.4	3.8	5.3	5.3	5.3	5.3
Returns							
ROCE	4.6 %	4.2 %	-2.5 %	5.3 %	10.1 %	14.9 %	18.8 %
ROE	4.8 %	2.3 %	-11.2 %	3.9 %	11.2 %	17.7 %	20.5 %
Other							
Interest paid / avg. debt	10.1 %	9.1 %	8.6 %	7.6 %	7.2 %	7.4 %	7.1 %
No. employees (average)	303	337	347	361	381	391	401
Number of shares	8.0	8.0	8.0	8.0	8.0	8.0	8.0
DPS	0.0	0.0	0.0	0.0	0.1	0.2	0.3
EPS reported	0.29	0.14	-0.63	0.22	0.67	1.25	1.80
Valuation ratios							
P/BV	1.8	1.8	2.0	1.9	1.8	1.6	1.3
EV/sales	1.5	1.5	2.1	1.4	1.1	1.0	0.8
EV/EBITDA	15.7	15.1	42.0	10.8	7.2	5.4	4.0
EV/EBITA	33.0	34.1	-57.9	23.5	11.5	7.8	5.6
EV/EBIT	33.0	34.1	-57.9	23.5	11.5	7.8	5.6
EV/FCF	-12.4	-6.7	-7.8	88.8	-40.7	66.7	9.7
Dividend yield	0.9 %	0.0 %	0.0 %	0.0 %	0.9 %	1.8 %	2.7 %

Source: Company data, Hauck & Aufhäuser

Disclosure in respect of section 34b of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG)

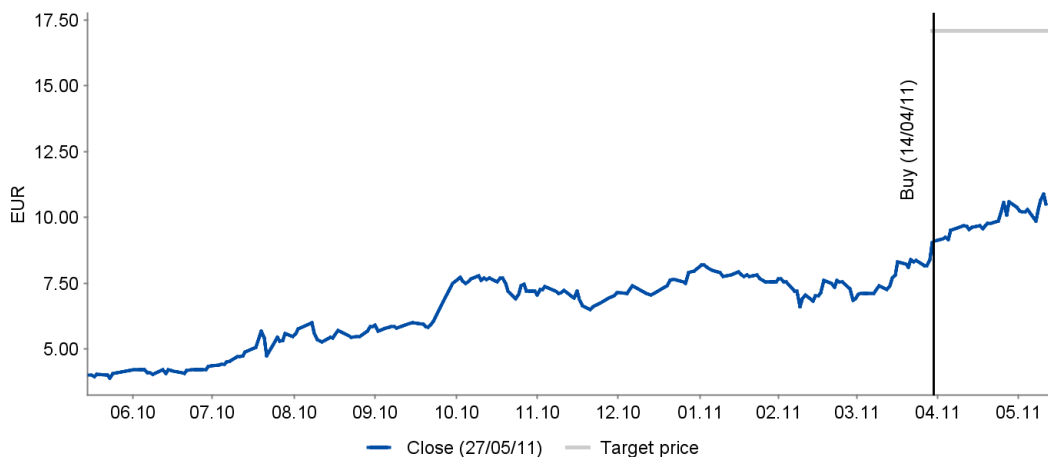
Company	Disclosure
Nabaltec AG	2

- (1) Hauck & Aufhäuser or its affiliate(s) was Lead Manager or Co-Lead Manager over the previous 12 months of a public offering of this company.
- (2) Hauck & Aufhäuser acts as Designated Sponsor for this company or offers Equity Advisory Services.
- (3) Over the previous 12 months, Hauck & Aufhäuser and/or its affiliate(s) has effected an agreement with this company for investment banking services or received compensation or a promise to pay from this company for investment banking services.
- (4) Hauck & Aufhäuser and/or its affiliate(s) hold 5 % or more of the share capital of this company.
- (5) Hauck & Aufhäuser holds a trading position in shares of this company.
- (6) Hauck & Aufhäuser and/or its affiliate(s) holds a net short position of 1 % or more of the share capital of this company, calculated by methods required by German law as of the last trading day of the past month.
- (7) Within the last five years Hauck & Aufhäuser was a member of the issuing syndicate of this company.
- (8) The research report has been made available to the company prior to its publication / dissemination. Thereafter, only factual changes have been made to the report

Historical target price and rating changes for Nabaltec AG in the last 12 months

**Price and Rating History
Nabaltec AG as of 30/05/11**

Initiation coverage
14-April-11



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

Buy	78.13 %	100.00 %
Sell	4.69 %	0.00 %
Hold	17.19 %	0.00 %

Valuation basis/rating key

Buy: Sustainable upside potential of more than 10% within 12 months.

Sell: Sustainable downside potential of more than 10% within 12 months.

Hold: Upside/downside potential limited. No immediate catalyst visible.

Competent supervisory authority

Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin – (Federal Financial Supervisory Authority), Graurheindorfer Straße 108, 53117 Bonn and Lurgiallee 12, 60439 Frankfurt am Main, Germany

Important Disclosures

This research report has been prepared by Hauck & Aufhäuser Institutional Research GmbH, Hamburg, or one of its affiliates (“**Hauck & Aufhäuser**”).

Hauck & Aufhäuser has made every effort to carefully research all information contained in this financial analysis. The information on which the financial analysis is based has been obtained from sources which we believe to be reliable such as, for example, Reuters, Bloomberg and the relevant specialised press as well as the company which is the subject of this financial analysis.

Only that part of the research note is made available to the issuer, who is the subject of this analysis, which is necessary to properly reconcile with the facts. Should this result change considerably, a reference is made in the research note.

Opinions expressed in this financial analysis are the current, personal opinions of the analyst responsible for the document as of the issuing date indicated on this document and are subject to change without notice. Hauck & Aufhäuser does not commit itself in advance to whether and in which intervals an update is made. Also, the opinions in this document do not necessarily correspond to the opinions of Hauck & Aufhäuser.

The document and the recommendations and estimations contained therein are not linked - whether directly or indirectly - to the compensation of the analyst responsible for the document.

No representation, guarantees or warranties are made by Hauck & Aufhäuser with regard to the accuracy, completeness or suitability regarding all the information on the stocks, stock markets or developments referred to in it.

On no account should the document be regarded as a substitute for the recipient's procuring information for himself or exercising his own judgements.

The document has been produced for information purposes only, and only for institutional clients or market professionals. In particular, it is not intended to be distributed to private investors or private customers. Private investors or private customers, into whose possession this document comes, should discuss possible investment decisions with their customer service officer as differing views and opinions may exist with regard to the stocks referred to in this document.

This document is not a recommendation, offer or solicitation to buy or sell the mentioned stock and will not form the basis or a part of any contract.

The document may include certain descriptions, statements, estimates, and conclusions underlining potential market and company development. These reflect assumptions, which may turn out to be incorrect. Past performance is not a guide to future results. The price of securities may decrease or increase and as a result investors may lose the amount originally invested. Changes in exchange rates may also cause the value of investments to decrease or increase. Hauck & Aufhäuser and/or its directors, officers and employees accept no responsibility or liability whatsoever for any direct or consequential loss or damages of any kind arising out of the use of this document or any part of its content. To the extent this research report is being transmitted in connection with an existing contractual relationship, e.g. financial advisory or similar services, the liability of Hauck & Aufhäuser shall be restricted to gross negligence and wilful misconduct. In any case, the liability of Hauck & Aufhäuser is limited to typical, foreseeable damages and liability for any indirect damages is excluded.

Hauck & Aufhäuser may act as market-maker or underwrite issues for any securities mentioned in this document, derivatives thereon or related financial products or perform or seek to perform capital market or underwriting services.

Hauck & Aufhäuser reserves all the rights in this document. No part of the document or its content may be rewritten, copied, photocopied or duplicated in any form by any means or redistributed without Hauck & Aufhäuser's prior written consent.

Please note that our research is only for the personal use of Hauck & Aufhäuser institutional clients. Do not pass on to third parties or make available to third parties. From time to time Hauck & Aufhäuser Institutional Research GmbH will be compensated for its services using soft dollar compensation arrangements, such as trading commissions.

By accepting this document, a recipient hereof agrees to be bound by the foregoing limitations.

Remarks regarding foreign investors

The preparation of this document is subject to regulation by German law. The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions

Contacts: Hauck&Aufhäuser Investment Banking**Hauck & Aufhäuser Research**

Hauck & Aufhäuser
Institutional Research GmbH
Mittelweg 142

20148 Hamburg
Germany

Tel.: +49 (0) 40 414 3885 - 70
Fax: +49 (0) 40 414 3885 - 71
Email: info@ha-research.de
www.ha-research.de

Sascha Berresch, CFA
Analyst

Tel.: +49 (0)40 414 3885 - 85
E-Mail: sascha.berresch@ha-research.de

Marc Osigus, CFA
Analyst

Tel.: +49 (0)40 414 3885 - 90
E-Mail: marc.osigus@ha-research.de

Tim Wunderlich, CFA
Analyst

Tel.: +49 (0)40 414 3885 - 81
E-Mail: tim.wunderlich@ha-research.de

Henning Breiter
Analyst

Tel.: +49 (0)40 414 3885 - 73
E-Mail: henning.breiter@ha-research.de

Roland Rapelius, CFA
Analyst

Tel.: +49 (0)40 414 3885 - 86
E-Mail: roland.rapelius@ha-research.de

Marie-Therese Gruebner
Analyst

Tel.: +49 (0)40 414 3885 - 83
E-Mail: marie-therese.gruebner@ha-research.de

Thomas Wissler
Analyst

Tel.: +49 (0)40 414 3885 - 80
E-Mail: thomas.wissler@ha-research.de

Hauck & Aufhäuser Sales**Vincent Bischoff**
Sales

Tel.: +49 (0)40 414 3885 - 88
E-Mail: vincent.bischoff@ha-research.de

Hugues Madelin
Sales

Tel.: +33 1 78 41 40 62
E-Mail: hugues.madelin@ha-research.de

Toby Woods
Sales

Tel.: +44 207 763 7179
E-Mail: toby.woods@ha-research.de

Senior Advisors**Graeme Davies**
Senior Advisor

Tel.: +49 (0)40 414 3885 - 72
E-Mail: graeme.davies@ha-research.de

Michael Schramm
Senior Advisor

Tel.: +49 (0)69 2161 - 1240
E-Mail: michael.schramm@hauck-aufhaeuser.de

Jochen Lucht
Senior Advisor

Tel.: +49 (0)69 2161 - 1260
E-Mail: jochen.lucht@hauck-aufhaeuser.de

Hauck & Aufhäuser Sales Trading

Hauck & Aufhäuser
Privatbankiers KGaA
Kaiserstraße 24

60311 Frankfurt am Main
Germany

Tel.: +49 (0) 69 2161- 0
Fax: +49 (0) 69 2161- 1340
Email: info@hauck-aufhaeuser.de
www.hauck-aufhaeuser.de

Thomas Seibert
Trading

Tel.: +49 (0)69 2161 - 1555
E-Mail: thomas.seibert@hauck-aufhaeuser.de

Sebastian Schuett
Trading

Tel.: +49 (0)69 2161 - 1556
E-Mail: sebastian.schuett@hauck-aufhaeuser.de