

# Nabaltec

## Germany - Chemicals/ Specialty Chemicals

**Buy** (old: Buy)

**Price target: EUR 20.00** (old: EUR 17.10)

**Price:** EUR 8.72      **Next result:** Q3: 29.11.11  
**Bloomberg:** NTG GR      **Market cap:** EUR 71.6 m  
**Reuters:** NTGG.DE      **Enterprise Value:** EUR 140.6 m

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### Favourable pricing & product mix shift to drive gross margin growth; Adj. Est. & PT

Nabaltec reported strong H1 results yesterday, with sales up organically by 31% yoy to € 70m and EBIT up strongly disproportionate by 110% yoy to € 8.4m translating into an EBIT margin of 11.4% (new record of 13% in Q2) from 6.5% in H1 2010. The strong bottom-line performance was mainly driven by a significant improvement of gross-margins which increased 470 bp yoy due to:

- Favourable pricing** as the competitive landscape has improved considerably in favour of Nabaltec. Capacities have become tight in this capital intensive industry and competitors such as Martinswerke and Almatris are under pressure to lift prices having enjoyed raw material subsidies for years. This has ended and so has the price distortion in the market.
- A shift towards higher value added products.** According to the company growth with higher performance fillers which help customers speed up production thanks to a better viscosity has been driving sales growth of 32% in its functional fillers division. Also, its new products such as the boehmite and stabiliser carry higher gross margins.

Gross margin improvement and as a result EBIT margin improvement was stronger than expected. Also the ramp up of the new products from an expected € 7m sales contribution in 2011E to € 26m in 2013E provides further confidence for sustainable higher gross margins. **As a result we have upgraded our gross margin assumption leading to an upgrade of EPS by 15% for 2011E, 15% for 2012E and 11% for 2013E.** Our new EBIT forecast of € 15.2m for 2011E still reflects a slight softening in demand in H2 implying an EBIT of € 6.7m for H2 (compared to € 8.4m in H1).

After the strong H1 results management confirmed its guidance for sales > € 135m and EBIT > € 12m for 2011 which would imply an EBIT of at least € 3.6m in H2. As the business is generally not exposed to significant seasonality the low end of the guidance would suggest a strong drop in H2. However, **the company does not expect this to happen on the basis of recent customer feedbacks, the ongoing shift towards environmentally-friendly and non-hazardous chemicals and the positive development of new products** where it finally passed lengthy approval processes.

The fact that **H1 2011 EBIT of € 8.4m was significantly above H1 2008 EBIT of € 3.3m should provide confidence that growth is driven by favourable structural developments**, i.e. improving pricing AND higher demand due to tighter regulation and rising environmental awareness. **Remains a BUY, new PT € 20 based on FCFY 2012E.**



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 13.00 / 5.28  
**Price/Book Ratio:** 1.4  
**Relative performance (SDAX):**  
 3 months 5.2 %  
 6 months 42.5 %  
 12 months 50.1 %

#### Changes in estimates

		Sales	EBIT	EPS
2011	old:	140.7	13.7	0.67
	Δ	-	10.9%	15.1%
2012	old:	163.0	20.0	1.25
	Δ	-	11.3%	15.1%
2013	old:	183.0	25.5	1.80
	Δ	-	8.8%	10.9%

#### Key share data:

Number of shares: (in m pcs) 8.0  
 Authorised capital: (in € m) 3.0  
 Book value per share: (in €) 6.1  
 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	23.3	31.3	37.6
EBIT	4.0	4.1	-2.7	6.5	15.2	22.2	27.8
Net income	2.4	1.1	-5.0	1.8	6.1	11.5	16.0
Net debt	33.8	42.9	57.6	52.9	55.9	53.0	38.4
Net gearing	68.4 %	87.5 %	128.4 %	115.0 %	115.1 %	90.0 %	52.1 %
Net Debt/EBITDA	4.0	4.6	15.4	3.7	2.4	1.7	1.0
EPS fully diluted	0.29	0.14	-0.63	0.22	0.77	1.44	2.00
CPS	2.06	0.63	0.02	0.28	0.55	1.36	1.99
DPS	0.00	0.00	0.00	0.00	0.11	0.23	0.33
Dividend yield	1.1 %	0.0 %	0.0 %	0.0 %	1.2 %	2.5 %	3.7 %
Gross profit margin	44.5 %	44.8 %	45.6 %	46.0 %	48.6 %	50.2 %	51.2 %
EBITDA margin	9.5 %	9.7 %	5.1 %	12.7 %	16.5 %	19.2 %	20.6 %
EBIT margin	4.5 %	4.3 %	-3.7 %	5.8 %	10.8 %	13.6 %	15.2 %
ROCE	4.6 %	4.2 %	-2.5 %	5.3 %	11.2 %	16.4 %	20.1 %
EV/sales	1.3	1.3	1.9	1.2	1.0	0.8	0.7
EV/EBITDA	13.8	13.3	37.6	9.6	6.0	4.4	3.3
EV/EBIT	28.9	30.1	-51.9	21.0	9.3	6.2	4.4
PER	20.7	64.4	-14.3	40.2	11.7	6.2	4.5
Adjusted FCF yield	4.5 %	3.4 %	-0.5 %	5.6 %	8.7 %	12.8 %	17.6 %

Source: Company data, Hauck & Aufhäuser Close price as of: 23.08.2011

## Financials

Profit and loss (EUR m)	2007	2008	2009	2010	2011E	2012E	2013E
<b>Net sales</b>	<b>88.1</b>	<b>96.3</b>	<b>73.1</b>	<b>112.7</b>	<b>140.7</b>	<b>163.0</b>	<b>183.0</b>
<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
<b>Total sales</b>	<b>89.4</b>	<b>100.6</b>	<b>71.4</b>	<b>112.6</b>	<b>140.7</b>	<b>163.0</b>	<b>183.0</b>
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	72.2	81.2	89.3
Personnel expenses	15.6	17.1	15.6	19.0	21.6	23.2	25.0
Other operating expenses	17.6	18.6	15.0	20.7	25.0	28.7	32.5
Total operating expenses	81.1	91.3	67.6	98.3	117.4	131.7	145.3
<b>EBITDA</b>	<b>8.4</b>	<b>9.3</b>	<b>3.7</b>	<b>14.3</b>	<b>23.3</b>	<b>31.3</b>	<b>37.6</b>
Depreciation	4.4	5.2	6.4	7.8	8.1	9.1	9.9
<b>EBITA</b>	<b>4.0</b>	<b>4.1</b>	<b>-2.7</b>	<b>6.5</b>	<b>15.2</b>	<b>22.2</b>	<b>27.8</b>
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
<b>EBIT</b>	<b>4.0</b>	<b>4.1</b>	<b>-2.7</b>	<b>6.5</b>	<b>15.2</b>	<b>22.2</b>	<b>27.8</b>
Interest income	0.5	0.6	0.1	0.2	0.2	0.3	0.1
Interest expenses	3.3	3.7	4.4	5.3	5.8	5.2	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	-5.5	-4.9	-4.1
<b>Recurring pretax income from continuing operations</b>	<b>1.2</b>	<b>1.0</b>	<b>-7.0</b>	<b>1.4</b>	<b>9.7</b>	<b>17.3</b>	<b>23.7</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>1.2</b>	<b>1.0</b>	<b>-7.0</b>	<b>1.4</b>	<b>9.7</b>	<b>17.3</b>	<b>23.7</b>
Taxes	0.5	1.2	-1.7	-0.7	2.9	5.2	7.1
<b>Net income from continuing operations</b>	<b>0.7</b>	<b>-0.2</b>	<b>-5.3</b>	<b>2.1</b>	<b>6.8</b>	<b>12.1</b>	<b>16.6</b>
Result from discontinued operations (net of tax)	1.1	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>0.7</b>	<b>-0.2</b>	<b>-5.3</b>	<b>2.1</b>	<b>6.8</b>	<b>12.1</b>	<b>16.6</b>
Minority interest	-1.7	-1.3	-0.3	0.3	0.6	0.6	0.6
<b>Net income (net of minority interest)</b>	<b>2.4</b>	<b>1.1</b>	<b>-5.0</b>	<b>1.8</b>	<b>6.1</b>	<b>11.5</b>	<b>16.0</b>
Average number of shares	8.0	8.0	8.0	8.0	8.0	8.0	8.0
<b>EPS reported</b>	<b>0.29</b>	<b>0.14</b>	<b>-0.63</b>	<b>0.22</b>	<b>0.77</b>	<b>1.44</b>	<b>2.00</b>

Profit and loss (common size)	2007	2008	2009	2010	2011E	2012E	2013E
<b>Net sales</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Increase/decrease in finished goods and work-in-process	1.5 %	4.5 %	-2.3 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Total sales</b>	<b>101.5 %</b>	<b>104.5 %</b>	<b>97.7 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
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 %	51.4 %	49.8 %	48.8 %
Personnel expenses	17.8 %	17.8 %	21.3 %	16.9 %	15.3 %	14.3 %	13.7 %
Other operating expenses	20.0 %	19.3 %	20.5 %	18.3 %	17.8 %	17.6 %	17.8 %
Total operating expenses	92.0 %	94.9 %	92.6 %	87.2 %	83.5 %	80.8 %	79.4 %
<b>EBITDA</b>	<b>9.5 %</b>	<b>9.7 %</b>	<b>5.1 %</b>	<b>12.7 %</b>	<b>16.5 %</b>	<b>19.2 %</b>	<b>20.6 %</b>
Depreciation	5.0 %	5.4 %	8.8 %	6.9 %	5.7 %	5.6 %	5.4 %
<b>EBITA</b>	<b>4.5 %</b>	<b>4.3 %</b>	<b>-3.7 %</b>	<b>5.8 %</b>	<b>10.8 %</b>	<b>13.6 %</b>	<b>15.2 %</b>
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 %
<b>EBIT</b>	<b>4.5 %</b>	<b>4.3 %</b>	<b>-3.7 %</b>	<b>5.8 %</b>	<b>10.8 %</b>	<b>13.6 %</b>	<b>15.2 %</b>
Interest income	0.5 %	0.6 %	0.2 %	0.2 %	0.2 %	0.2 %	0.1 %
Interest expenses	3.7 %	3.8 %	6.1 %	4.7 %	4.1 %	3.2 %	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 %	-3.9 %	-3.0 %	-2.2 %
<b>Recurring pretax income from continuing operations</b>	<b>1.3 %</b>	<b>1.1 %</b>	<b>-9.6 %</b>	<b>1.3 %</b>	<b>6.9 %</b>	<b>10.6 %</b>	<b>13.0 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>1.3 %</b>	<b>1.1 %</b>	<b>-9.6 %</b>	<b>1.3 %</b>	<b>6.9 %</b>	<b>10.6 %</b>	<b>13.0 %</b>
Tax rate	43.7 %	118.3 %	24.2 %	-45.5 %	30.0 %	30.0 %	30.0 %
<b>Net income from continuing operations</b>	<b>0.7 %</b>	<b>-0.2 %</b>	<b>-7.3 %</b>	<b>1.9 %</b>	<b>4.8 %</b>	<b>7.4 %</b>	<b>9.1 %</b>
Income from discontinued operations (net of tax)	1.2 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net income</b>	<b>0.7 %</b>	<b>-0.2 %</b>	<b>-7.3 %</b>	<b>1.9 %</b>	<b>4.8 %</b>	<b>7.4 %</b>	<b>9.1 %</b>
Minority interest	-1.9 %	-1.4 %	-0.4 %	0.3 %	0.4 %	0.3 %	0.4 %
<b>Net income (net of minority interest)</b>	<b>2.7 %</b>	<b>1.2 %</b>	<b>-6.9 %</b>	<b>1.6 %</b>	<b>4.4 %</b>	<b>7.1 %</b>	<b>8.7 %</b>

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2007	2008	2009	2010	2011E	2012E	2013E
<b>Intangible assets</b>	<b>0.3</b>	<b>0.4</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
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
<b>FIXED ASSETS</b>	<b>82.8</b>	<b>97.3</b>	<b>108.7</b>	<b>109.2</b>	<b>116.2</b>	<b>122.1</b>	<b>120.2</b>
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	16.6	10.9	15.3
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
<b>CURRENT ASSETS</b>	<b>34.1</b>	<b>34.9</b>	<b>23.1</b>	<b>56.8</b>	<b>48.8</b>	<b>47.7</b>	<b>52.7</b>
<b>TOTAL ASSETS</b>	<b>116.9</b>	<b>132.2</b>	<b>131.8</b>	<b>166.0</b>	<b>164.9</b>	<b>169.8</b>	<b>172.9</b>
SHAREHOLDERS EQUITY	49.3	49.0	44.9	46.0	48.6	58.8	73.6
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
<b>Non-current liabilities</b>	<b>40.2</b>	<b>45.8</b>	<b>65.8</b>	<b>87.4</b>	<b>78.3</b>	<b>69.7</b>	<b>61.7</b>
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
<b>Current liabilities</b>	<b>29.3</b>	<b>41.3</b>	<b>25.9</b>	<b>36.5</b>	<b>39.0</b>	<b>41.2</b>	<b>37.5</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>117.0</b>	<b>132.2</b>	<b>132.7</b>	<b>166.0</b>	<b>164.9</b>	<b>169.8</b>	<b>172.9</b>

Balance sheet (common size)	2007	2008	2009	2010	2011E	2012E	2013E
<b>Intangible assets</b>	<b>0.2 %</b>	<b>0.3 %</b>	<b>0.2 %</b>	<b>0.1 %</b>	<b>0.1 %</b>	<b>0.1 %</b>	<b>0.1 %</b>
Property, plant and equipment	70.5 %	73.3 %	81.8 %	65.7 %	70.3 %	71.8 %	69.4 %
Financial assets	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>FIXED ASSETS</b>	<b>70.7 %</b>	<b>73.6 %</b>	<b>81.9 %</b>	<b>65.8 %</b>	<b>70.4 %</b>	<b>71.9 %</b>	<b>69.5 %</b>
Inventories	15.3 %	21.5 %	14.5 %	12.9 %	16.2 %	18.2 %	20.1 %
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 %	10.0 %	6.4 %	8.9 %
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 %
<b>CURRENT ASSETS</b>	<b>29.1 %</b>	<b>26.4 %</b>	<b>17.4 %</b>	<b>34.2 %</b>	<b>29.6 %</b>	<b>28.1 %</b>	<b>30.5 %</b>
<b>TOTAL ASSETS</b>	<b>99.9 %</b>	<b>100.0 %</b>	<b>99.4 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
SHAREHOLDERS EQUITY	42.2 %	37.1 %	33.8 %	27.7 %	29.5 %	34.6 %	42.6 %
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 %	39.1 %	32.9 %	28.2 %
Provisions for pensions and similar obligations	8.2 %	7.3 %	8.4 %	7.9 %	7.9 %	7.7 %	7.5 %
Other provisions	1.7 %	1.2 %	1.0 %	0.5 %	0.5 %	0.5 %	0.0 %
<b>Non-current liabilities</b>	<b>34.4 %</b>	<b>34.7 %</b>	<b>49.6 %</b>	<b>52.7 %</b>	<b>47.5 %</b>	<b>41.1 %</b>	<b>35.7 %</b>
short-term liabilities to banks	5.8 %	7.7 %	3.6 %	5.0 %	4.9 %	4.7 %	2.9 %
Accounts payable	9.7 %	7.2 %	4.6 %	6.8 %	8.5 %	9.6 %	10.6 %
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 %	8.6 %	8.4 %	8.2 %
Deferred taxes	2.9 %	3.0 %	1.6 %	1.6 %	1.6 %	1.6 %	0.0 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Current liabilities</b>	<b>25.0 %</b>	<b>31.2 %</b>	<b>19.6 %</b>	<b>22.0 %</b>	<b>23.6 %</b>	<b>24.3 %</b>	<b>21.7 %</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

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	6.8	12.1	16.6
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	14.9	21.2	26.5
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
<b>Cash flow from operating activities</b>	<b>16.4</b>	<b>0.6</b>	<b>0.2</b>	<b>9.2</b>	<b>11.9</b>	<b>18.9</b>	<b>24.4</b>
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
<b>Cash flow from investing activities</b>	<b>-27.2</b>	<b>-16.3</b>	<b>-20.4</b>	<b>-7.5</b>	<b>-15.0</b>	<b>-15.0</b>	<b>-8.0</b>
Cash flow before financing	-10.8	-15.8	-20.2	1.7	-3.1	3.9	16.4
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	0.9	1.8
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
<b>Cash flow from financing activities</b>	<b>1.5</b>	<b>15.9</b>	<b>18.8</b>	<b>26.7</b>	<b>-9.4</b>	<b>-9.5</b>	<b>-12.0</b>
Increase/decrease in liquid assets	-9.4	0.2	-1.4	28.4	-12.5	-5.6	4.4
<b>Liquid assets at end of period</b>	<b>1.7</b>	<b>2.0</b>	<b>0.6</b>	<b>29.0</b>	<b>16.6</b>	<b>10.9</b>	<b>15.3</b>

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 %
<b>TTL</b>	<b>88.6</b>	<b>96.3</b>	<b>73.1</b>	<b>112.7</b>	<b>140.4</b>	<b>162.9</b>	<b>183.6</b>
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
<b>P&amp;L growth analysis</b>							
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 %	62.5 %	34.5 %	20.2 %
EBIT growth	-0.7 %	3.6 %	-165.6 %	-342.1 %	132.1 %	46.2 %	25.0 %
EPS growth	-1032.8 %	-52.9 %	-550.9 %	-135.5 %	245.3 %	87.9 %	38.4 %
<b>Efficiency</b>							
Total operating costs / sales	92.0 %	94.9 %	92.6 %	87.2 %	83.5 %	80.8 %	79.4 %
Sales per employee	290.8	285.7	210.5	312.2	360.7	407.5	446.2
EBITDA per employee	27.6	27.6	10.8	39.7	59.7	78.3	91.8
<b>Balance sheet analysis</b>							
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	69.3	71.3	72.7
<b>Cash flow analysis</b>							
Free cash flow	-10.6	-20.9	-20.2	1.7	-3.1	3.9	16.4
Free cash flow/sales	-12.0 %	-21.7 %	-27.6 %	1.5 %	-2.2 %	2.4 %	9.0 %
FCF / net profit	-448.6 %	-1882.6 %	402.6 %	97.5 %	-49.9 %	33.4 %	102.6 %
FCF yield	-14.8 %	-29.2 %	-28.2 %	2.4 %	-4.3 %	5.4 %	22.9 %
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
<b>Security</b>							
Net debt	33.8	42.9	57.6	52.9	55.9	53.0	38.4
Net Debt/EBITDA	4.0	4.6	15.4	3.7	2.4	1.7	1.0
Net debt / equity	0.7	0.9	1.3	1.1	1.2	0.9	0.5
Interest cover	1.2	1.1	0.0	1.2	2.6	4.3	6.7
Dividend payout ratio	33.9 %	0.0 %	0.0 %	0.0 %	14.3 %	15.7 %	16.6 %
<b>Asset utilisation</b>							
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
<b>Returns</b>							
ROCE	4.6 %	4.2 %	-2.5 %	5.3 %	11.2 %	16.4 %	20.1 %
ROE	4.8 %	2.3 %	-11.2 %	3.9 %	12.6 %	19.6 %	21.7 %
<b>Other</b>							
Interest paid / avg. debt	10.1 %	9.1 %	8.6 %	7.6 %	7.5 %	7.6 %	7.1 %
No. employees (average)	303	337	347	361	390	400	410
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	0.77	1.44	2.00
<b>Valuation ratios</b>							
P/BV	1.5	1.5	1.6	1.6	1.5	1.2	1.0
EV/sales	1.3	1.3	1.9	1.2	1.0	0.8	0.7
EV/EBITDA	13.8	13.3	37.6	9.6	6.0	4.4	3.3
EV/EBITA	28.9	30.1	-51.9	21.0	9.3	6.2	4.4
EV/EBIT	28.9	30.1	-51.9	21.0	9.3	6.2	4.4
EV/FCF	-10.9	-5.9	-7.0	79.4	-45.8	35.7	7.5
Dividend yield	1.1 %	0.0 %	0.0 %	0.0 %	1.2 %	2.5 %	3.7 %

Source: Company data, Hauck & Aufhäuser

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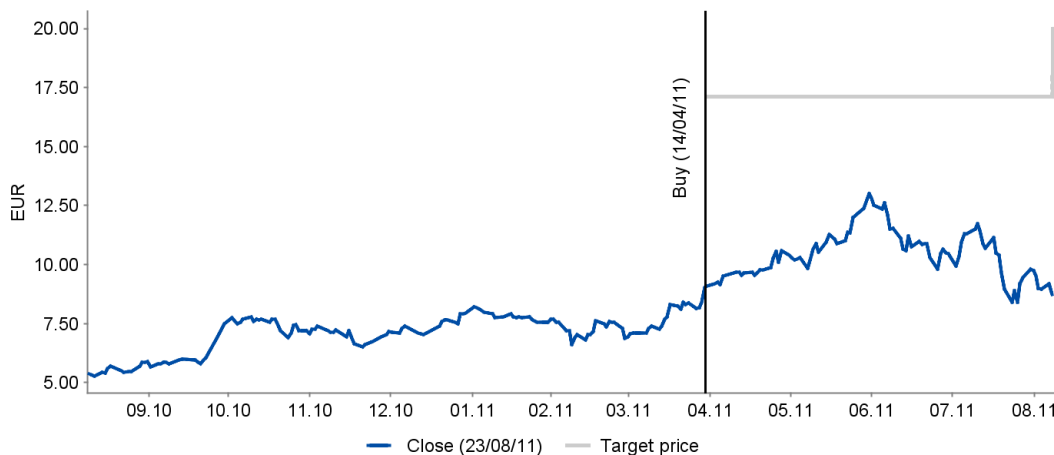
Company	Disclosure
Nabaltec AG	2

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

**Price and Rating History  
Nabaltec AG as of 24/08/11**

**Initiation coverage**  
14-April-11



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<b>Buy</b>	82.86 %	66.67 %
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**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.

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**Competent supervisory authority**

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