

# Nabaltec

## Germany - Chemicals/ Specialty Chemicals



**HAUCK & AUFHÄUSER**  
INSTITUTIONAL RESEARCH AG

**Buy** (old: Buy)

**Price target: EUR 15.00** (old: EUR 15.00)

<b>Price:</b>	EUR 7.99	<b>Next result:</b>	Q3 29.11.11
<b>Bloomberg:</b>	NTG GR	<b>Market cap:</b>	EUR 63.9 m
<b>Reuters:</b>	NTGG.DE	<b>Enterprise Value:</b>	EUR 133.4 m

30-October-11

**Sascha Berresch, CFA**  
Analyst

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

### Nabaltec reported strong prel. Q3/9m results/ improved financing

Sales increased by 8% yoy in Q3 to € 30.6m and 22% yoy in 9M to a record of € 100.7m reflecting the trend towards environmental friendly/non-hazardous flame retardants as well as the improved pricing in this oligopolistic market. Improved pricing and a high operating leverage led EBIT to grow strongly by 48% yoy in Q3 to € 2.6m and 112% yoy in the first 9M to € 11.0m. **EBIT margin increased by 4.6pp to an all time high of 11.0% (9M)**. Sequentially, sales declined by 12% qoq reflecting that customers have become more cautious and that Nabaltec suffers from a reduction of customers inventory levels. Management slightly adj. its sales guidance to € 128-131m (eH&A € 132.5m) and **kept its EBIT guidance of > € 12m (eH&A € 13.3m) against the backdrop of strong 9M results.**

Management also stated it **has agreed on better financing for the outstanding bank debt of € 43m** (short term € 8m and long term € 35m) with new banks. The new structure should reduce interest by € 2m over the outstanding term and at the same time covenants are mainly related to the equity ratio of the company. Whilst the leverage still looks high with a net gearing of 120% (eH&A 2011E) and a net debt/EBITDA of 2.6x (2011E), **Nabaltec is in a much better shape than in 2008:**

- **Bond issue:** At the end of 2010 Nabaltec issued a bond with a maturity of 5 years carrying a coupon of 6.5% which led to a cash inflow of € 29m.
- **Sound liquidity:** Liquid assets and financial assets stood at € 28.8m (at the end of H1) reflecting that the cash inflow from the bond has not been used until now.
- **Bank debt maturity:** Redemptions c. € 8m p.a. should not be an issue against the backdrop of the sound liquidity and the improving cash generation.

**More specifically, Nabaltec's cash generation has strongly improved** thanks to the improved pricing in the market AND the increasing demand for environmental friendly and non hazardous flame retardants. A CFO of € 12m in H1 was sufficient to cover capital requirements. Whilst we expect an overall weaker H2, cash generation should cover capital requirements of c. € 15m (eH&A) to a large degree in 2011E. Going forward capex should drop sequentially. In a severe downturn the company could potentially reduce capex to a maintenance level of € 3-4m (compared to € 8m D&A). **Remains a BUY, PT € 15 based on FCFY 2012E.** (continued)

Y/E 31.12 (EUR m)	2007	2008	2009	2010	2011E	2012E	2013E
Sales	88.1	96.3	73.1	112.7	132.5	142.2	157.4
Sales growth	23 %	9 %	-24 %	54 %	18 %	7 %	11 %
EBITDA	8.4	9.3	3.7	14.3	21.4	25.3	30.4
EBIT	4.0	4.1	-2.7	6.5	13.3	16.2	20.6
Net income	2.4	1.1	-5.0	1.8	4.8	7.4	10.9
Net debt	33.8	42.9	57.6	52.9	56.4	51.1	40.4
Net gearing	68.4 %	87.5 %	128.4 %	115.0 %	119.3 %	87.3 %	58.7 %
Net Debt/EBITDA	4.0	4.6	15.4	3.7	2.6	2.0	1.3
EPS fully diluted	0.29	0.14	-0.63	0.22	0.60	0.92	1.36
CPS	2.06	0.63	0.02	0.40	0.62	1.13	1.54
DPS	0.00	0.00	0.00	0.00	0.09	0.15	0.23
Dividend yield	1.3 %	0.0 %	0.0 %	0.0 %	1.1 %	1.9 %	2.9 %
Gross profit margin	44.5 %	44.8 %	45.6 %	46.0 %	48.9 %	50.4 %	51.6 %
EBITDA margin	9.5 %	9.7 %	5.1 %	12.7 %	16.2 %	17.8 %	19.3 %
EBIT margin	4.5 %	4.3 %	-3.7 %	5.8 %	10.1 %	11.4 %	13.1 %
ROCE	4.6 %	4.2 %	-2.5 %	5.3 %	9.9 %	12.1 %	15.1 %
EV/sales	1.2	1.2	1.8	1.2	1.0	0.9	0.7
EV/EBITDA	12.8	12.5	35.5	9.1	6.2	5.1	3.9
EV/EBIT	27.0	28.3	-49.0	19.8	10.0	7.9	5.7
PER	18.5	57.5	-12.8	35.9	13.2	8.7	5.9
Adjusted FCF yield	4.8 %	3.6 %	0.2 %	6.7 %	9.0 %	11.3 %	14.9 %

Source: Company data, Hauck & Aufhäuser Close price as of: 28.10.2011



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 13.00 / 6.44  
**Price/Book Ratio:** 1.4  
**Relative performance (SDAX):**  
3 months -13.5 %  
6 months -4.3 %  
12 months 4.9 %

#### Changes in estimates

		Sales	EBIT	EPS
2011	old:	132.5	13.3	0.60
	Δ	-	-	-
2012	old:	142.2	16.2	0.92
	Δ	-	-	-
2013	old:	157.4	20.6	1.36
	Δ	-	-	-

#### Key share data:

Number of shares: (in m pcs) 8.0  
Authorised capital: (in € m) 3.0  
Book value per share: (in €) 5.9  
Ø trading volume: (12 months) 20,000

#### Major shareholders:

Free Float 37.7 %  
Family Heckmann 32.5 %  
Family Witzany 29.8 %

#### 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.

<i>EURm</i>	Q3 11	Q3 10	yoy	Q2 11	qoq	9m 11	9m 10	yoy
<b>Sales</b>	<b>30.6</b>	<b>28.4</b>	7.9%	<b>34.8</b>	-12.1%	<b>100.7</b>	<b>81.8</b>	23.1%
<b>EBIT</b>	<b>2.6</b>	<b>1.8</b>	47.6%	<b>4.5</b>	-42.6%	<b>11.0</b>	<b>5.2</b>	112.0%
EBIT margin (%)	8.5%	6.2%	+ 2.3 pp	13.0%	- 4.5 pp	11.0%	6.4%	+ 4.6 pp

Source: Company data; Hauck&Aufhäuser Institutional Research

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>132.5</b>	<b>142.2</b>	<b>157.4</b>
<i>Sales growth</i>	23.1 %	9.3 %	-24.1 %	54.3 %	17.6 %	7.3 %	10.6 %
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>132.5</b>	<b>142.2</b>	<b>157.4</b>
Other operating income	2.4	1.9	1.0	2.2	1.3	1.3	1.3
Material expenses	50.2	57.5	38.1	60.8	67.7	70.5	76.1
Personnel expenses	15.6	17.1	15.6	19.0	21.3	22.9	24.7
Other operating expenses	17.6	18.6	15.0	20.7	23.4	24.8	27.4
Total operating expenses	81.1	91.3	67.6	98.3	111.1	116.9	126.9
<b>EBITDA</b>	<b>8.4</b>	<b>9.3</b>	<b>3.7</b>	<b>14.3</b>	<b>21.4</b>	<b>25.3</b>	<b>30.4</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>13.3</b>	<b>16.2</b>	<b>20.6</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>13.3</b>	<b>16.2</b>	<b>20.6</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>7.8</b>	<b>11.3</b>	<b>16.5</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>7.8</b>	<b>11.3</b>	<b>16.5</b>
Taxes	0.5	1.2	-1.7	-0.7	2.3	3.4	5.0
<b>Net income from continuing operations</b>	<b>0.7</b>	<b>-0.2</b>	<b>-5.3</b>	<b>2.1</b>	<b>5.5</b>	<b>7.9</b>	<b>11.6</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>5.5</b>	<b>7.9</b>	<b>11.6</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>4.8</b>	<b>7.4</b>	<b>10.9</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>0.60</b>	<b>0.92</b>	<b>1.36</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 %	51.1 %	49.6 %	48.4 %
Personnel expenses	17.8 %	17.8 %	21.3 %	16.9 %	16.1 %	16.1 %	15.7 %
Other operating expenses	20.0 %	19.3 %	20.5 %	18.3 %	17.7 %	17.4 %	17.4 %
Total operating expenses	92.0 %	94.9 %	92.6 %	87.2 %	83.8 %	82.2 %	80.7 %
<b>EBITDA</b>	<b>9.5 %</b>	<b>9.7 %</b>	<b>5.1 %</b>	<b>12.7 %</b>	<b>16.2 %</b>	<b>17.8 %</b>	<b>19.3 %</b>
Depreciation	5.0 %	5.4 %	8.8 %	6.9 %	6.1 %	6.4 %	6.3 %
<b>EBITA</b>	<b>4.5 %</b>	<b>4.3 %</b>	<b>-3.7 %</b>	<b>5.8 %</b>	<b>10.1 %</b>	<b>11.4 %</b>	<b>13.1 %</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>10.1 %</b>	<b>11.4 %</b>	<b>13.1 %</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 %	4.4 %	3.7 %	2.6 %
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 %	-4.2 %	-3.4 %	-2.6 %
<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>5.9 %</b>	<b>8.0 %</b>	<b>10.5 %</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>5.9 %</b>	<b>8.0 %</b>	<b>10.5 %</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>4.1 %</b>	<b>5.6 %</b>	<b>7.3 %</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>4.1 %</b>	<b>5.6 %</b>	<b>7.3 %</b>
Minority interest	-1.9 %	-1.4 %	-0.4 %	0.3 %	0.5 %	0.4 %	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>3.6 %</b>	<b>5.2 %</b>	<b>6.9 %</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	25.2	27.0	29.9
Accounts receivable	2.8	1.3	0.5	1.6	1.9	2.0	2.2
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	16.1	12.8	13.2
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>46.7</b>	<b>45.3</b>	<b>45.4</b>
<b>TOTAL ASSETS</b>	<b>116.9</b>	<b>132.2</b>	<b>131.8</b>	<b>166.0</b>	<b>162.8</b>	<b>167.4</b>	<b>165.6</b>
SHAREHOLDERS EQUITY	49.3	49.0	44.9	46.0	47.3	58.5	68.9
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	13.2	14.2	15.7
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>38.2</b>	<b>39.2</b>	<b>34.9</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>162.8</b>	<b>167.4</b>	<b>165.6</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 %	71.2 %	72.8 %	72.5 %
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>71.3 %</b>	<b>72.9 %</b>	<b>72.6 %</b>
Inventories	15.3 %	21.5 %	14.5 %	12.9 %	15.5 %	16.1 %	18.1 %
Accounts receivable	2.4 %	1.0 %	0.4 %	1.0 %	1.2 %	1.2 %	1.3 %
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 %	9.9 %	7.6 %	8.0 %
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>28.7 %</b>	<b>27.1 %</b>	<b>27.4 %</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 %	29.0 %	35.0 %	41.6 %
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 %	39.6 %	33.4 %	29.4 %
Provisions for pensions and similar obligations	8.2 %	7.3 %	8.4 %	7.9 %	8.0 %	7.8 %	7.9 %
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>48.1 %</b>	<b>41.7 %</b>	<b>37.3 %</b>
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 %	8.1 %	8.5 %	9.5 %
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 %	8.8 %	8.5 %	8.6 %
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 %
<b>Current liabilities</b>	<b>25.0 %</b>	<b>31.2 %</b>	<b>19.6 %</b>	<b>22.0 %</b>	<b>23.5 %</b>	<b>23.4 %</b>	<b>21.1 %</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	5.5	7.9	11.6
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	13.5	17.0	21.4
Increase/decrease in inventory	-3.5	-10.6	9.2	-2.2	-3.8	-1.8	-2.9
Increase/decrease in accounts receivable	-0.4	1.5	1.4	-1.7	-0.3	-0.1	-0.2
Increase/decrease in accounts payable	1.5	-1.9	-10.5	4.1	2.0	1.0	1.5
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	-2.1	-1.0	-1.6
<b>Cash flow from operating activities</b>	<b>16.4</b>	<b>0.6</b>	<b>0.2</b>	<b>9.2</b>	<b>11.5</b>	<b>16.0</b>	<b>19.8</b>
CAPEX	27.0	21.5	20.4	7.5	15.0	10.0	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>-10.0</b>	<b>-8.0</b>
Cash flow before financing	-10.8	-15.8	-20.2	1.7	-3.5	6.0	11.8
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	0.7	1.2
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>-9.3</b>	<b>-11.4</b>
Increase/decrease in liquid assets	-9.4	0.2	-1.4	28.4	-12.9	-3.3	0.4
<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>16.1</b>	<b>12.8</b>	<b>13.2</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	38.0	39.0	42.8
yoy change	13.8 %	19.5 %	-34.8 %	59.4 %	8.4 %	2.6 %	9.7 %
Rest of Europe	48.5	48.9	37.3	50.2	60.0	62.0	66.0
yoy change	25.4 %	0.7 %	-23.7 %	34.6 %	19.6 %	3.3 %	6.5 %
NAFTA	6.2	7.8	7.8	17.1	20.0	24.0	28.0
yoy change	44.8 %	26.0 %	0.6 %	119.5 %	16.8 %	20.0 %	16.7 %
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	14.5	17.2	20.6
yoy change	33.3 %	4.6 %	0.9 %	72.8 %	39.9 %	18.6 %	19.8 %
<b>TTL</b>	<b>88.6</b>	<b>96.3</b>	<b>73.1</b>	<b>112.7</b>	<b>132.5</b>	<b>142.2</b>	<b>157.4</b>
yoy change	23.0 %	8.7 %	-24.1 %	54.3 %	17.6 %	7.3 %	10.7 %

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 %	17.6 %	7.3 %	10.6 %
EBITDA growth	27.0 %	11.5 %	-59.9 %	283.5 %	49.5 %	18.2 %	20.2 %
EBIT growth	-0.7 %	3.6 %	-165.6 %	-342.1 %	103.5 %	21.8 %	26.8 %
EPS growth	-1032.8 %	-52.9 %	-550.9 %	-135.5 %	171.3 %	52.8 %	48.1 %
<b>Efficiency</b>							
Total operating costs / sales	92.0 %	94.9 %	92.6 %	87.2 %	83.8 %	82.2 %	80.7 %
Sales per employee	290.8	285.7	210.5	312.2	344.2	360.1	388.5
EBITDA per employee	27.6	27.6	10.8	39.7	55.6	64.1	75.1
<b>Balance sheet analysis</b>							
Avg. working capital / sales	9.1 %	15.3 %	23.2 %	11.3 %	9.7 %	10.1 %	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	69.6	71.7	73.3
<b>Cash flow analysis</b>							
Free cash flow	-10.6	-20.9	-20.2	1.7	-3.5	6.0	11.8
Free cash flow/sales	-12.0 %	-21.7 %	-27.6 %	1.5 %	-2.7 %	4.2 %	7.5 %
FCF / net profit	-448.6 %	-1882.6 %	402.6 %	97.5 %	-73.2 %	81.5 %	108.4 %
FCF yield	-16.6 %	-32.7 %	-31.6 %	2.7 %	-5.5 %	9.4 %	18.5 %
Capex / deprec	622.4 %	413.9 %	316.8 %	96.5 %	185.5 %	110.1 %	81.2 %
Capex / maintenance capex	617.4 %	413.9 %	370.9 %	125.0 %	230.8 %	214.3 %	106.7 %
Capex / sales	30.9 %	22.3 %	27.9 %	6.7 %	11.3 %	n/a	n/a
<b>Security</b>							
Net debt	33.8	42.9	57.6	52.9	56.4	51.1	40.4
Net Debt/EBITDA	4.0	4.6	15.4	3.7	2.6	2.0	1.3
Net debt / equity	0.7	0.9	1.3	1.1	1.2	0.9	0.6
Interest cover	1.2	1.1	0.0	1.2	2.3	3.1	5.0
Dividend payout ratio	33.9 %	0.0 %	0.0 %	0.0 %	14.7 %	16.1 %	16.9 %
<b>Asset utilisation</b>							
Capital employed turnover	0.9	1.0	0.7	0.8	1.0	1.0	1.2
Operating assets turnover	1.0	0.8	0.6	0.9	1.0	1.0	1.2
Plant turnover	1.1	1.0	0.7	1.0	1.1	1.2	1.3
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 %	9.9 %	12.1 %	15.1 %
ROE	4.8 %	2.3 %	-11.2 %	3.9 %	10.2 %	12.6 %	15.8 %
<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	385	395	405
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	0.1	0.2
EPS reported	0.29	0.14	-0.63	0.22	0.60	0.92	1.36
<b>Valuation ratios</b>							
P/BV	1.3	1.3	1.4	1.4	1.4	1.1	0.9
EV/sales	1.2	1.2	1.8	1.2	1.0	0.9	0.7
EV/EBITDA	12.8	12.5	35.5	9.1	6.2	5.1	3.9
EV/EBITA	27.0	28.3	-49.0	19.8	10.0	7.9	5.7
EV/EBIT	27.0	28.3	-49.0	19.8	10.0	7.9	5.7
EV/FCF	-10.1	-5.6	-6.6	74.9	-37.7	21.3	9.9
Dividend yield	1.3 %	0.0 %	0.0 %	0.0 %	1.1 %	1.9 %	2.9 %

Source: Company data, Hauck & Aufhäuser

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

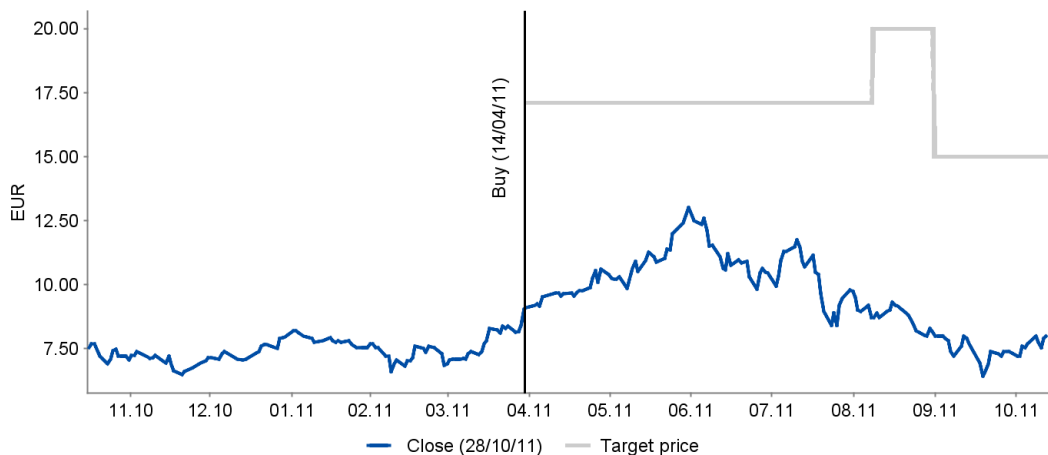
Company	Disclosure
Nabaltec AG	2

- (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 offers Equity Advisory Services for this company.
- (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 31/10/11**

**Initiation coverage**  
14-April-11



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

<b>Buy</b>	79.73 %	50.00 %
<b>Sell</b>	4.05 %	0.00 %
<b>Hold</b>	16.22 %	50.00 %

**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 AG, 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 AG 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 AG  
Mittelweg 142

20148 Hamburg  
Germany

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

**Sascha Berresch, CFA**  
Analyst

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

**Marc Osigus, CFA**  
Analyst

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

**Tim Wunderlich, CFA**  
Analyst

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

**Henning Breiter**  
Analyst

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

**Roland Rapelius, CFA**  
Analyst

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

**Marie-Therese Gruebner**  
Analyst

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

**Thomas Wissler**  
Analyst

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

**Hugues Madelin**  
Sales

Tel.: +33 1 78 41 40 62  
E-Mail: [hugues.madelin@ha-research.de](mailto:hugues.madelin@ha-research.de)

**Toby Woods**  
Sales

Tel.: +44 207 763 7179  
E-Mail: [toby.woods@ha-research.de](mailto:toby.woods@ha-research.de)

### Supervisory Board

**Graeme Davies**  
Chairman

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

**Michael Schramm**

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

**Jochen Lucht**

Tel.: +49 (0)69 2161 - 1260  
E-Mail: [jochen.lucht@hauck-aufhaeuser.de](mailto: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](mailto:info@hauck-aufhaeuser.de)  
[www.hauck-aufhaeuser.de](http://www.hauck-aufhaeuser.de)

**Mirko Brueggemann**  
Trading

Tel.: +49 (0)69 2161 - 1525  
E-Mail: [mirko.brueggemann@hauck-aufhaeuser.de](mailto:mirko.brueggemann@hauck-aufhaeuser.de)

**Sebastian Schuett**  
Trading

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

**Thomas Seibert**  
Trading

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