

Equities - Germany

April 30, 2012

Rating: **Buy**
Risk: Medium
Current Price: EUR 7.30
Target New: EUR 13.0

Sector: Sp. Chemicals

Reuters Code: NTGG.F
Bloomberg Code: NTG GR
Internet Page: www.nabaltec.de
Fiscal Year Ending: December

Trading Data

Price High/Low 52w: EUR 13.39- 6.1
Market Capitalisation: EUR 57.2m
Shares Outstanding: 8.0m
Free Float: 38%

Price Graph



Financial Calendar

May 29, 2012 Q1 2012
June 21, 2012 Annual Meeting

Date and Time of Prices
April 30, 2012 10:00 (CET)

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Please take a note of the Disclaimer and other Information on Page 3

Nabaltec AG

2012 starts good - the company publishes official yearly 2011 results

Nabaltec AG has reported the final 2011 results. These were identical with the interim results, which we have already commented in a VEM short study on March 2nd, 2012. Generally, we have been happy with the results. We were positively surprised by the strong earnings.

Simultaneously, the management has today published the interim results for the first quarter 2012. These were, as hoped, good. The order book is still full and the company does not suffer from the ongoing economic turbulences (mainly outside Germany). Total sales were EUR 34.1m in Q1 2012. This is slightly lower than in the record quarter Q1 2011, but still higher than in the last two 2011 quarters. As already in 2011, the company was successful around the globe. The new cooperation with the Japanese company Sumitomo starts well and, as the management has mentioned in an interview, should generate a positive contribution to the 2012 results.

On the earnings side Nabaltec AG has achieved an operating profit of satisfying EUR 2.8m in Q1 2012. which is equal to a profit margin of 8.2%.

We do not change our 2012 estimates

We stick to our 2012 estimates and calculate with a sales growth of close to 5% to EUR 135.2m. Demand should stay strong in the focus area. Machines in the US daughter Nashtec are running at full speed and demand from India as well as South East Asia (among others) stays strong. The segment "Additives" is growing slower than hoped by the management. The test phases of potential new clients seem to take longer. But several companies should have finished the phases and we expect an order inflow in the "Additives" segment soon.

We stick to our earnings estimates for 2012. We calculate with an EBIT of EUR 11.2m. This is equal to an operating profit margin of 8.3%. We could finally be too conservative, if the worldwide economy stays strong.

On the investment side we expect mainly replacement investments in 2012.

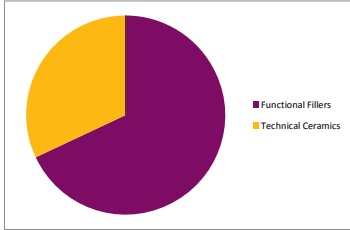
Price target: EUR 13.0

We still find the equity under valued.

Our DCF calculation results in a company value of EUR 13.0 per share.

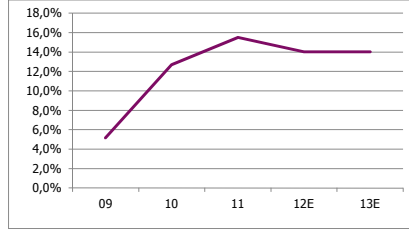
We still recommend BUYING this cyclical stock.

Sales Distribution



Source: Nabaltec AG, VEM Aktienbank

EBITDA Margins Development



Source: Nabaltec AG, VEM Aktienbank

Company Description

Nabaltec AG headquartered in Schwandorf/Oberplatz focuses on the development, the production as well as the distribution on products based on alumina hydroxide and alumina oxide. The company has two segments: "functional fillers" (products are bought by the cable as well as the plastics industry) and "technical ceramics" (clients come from the ceramics, fire resistant as well as polishing industry).
 In 2005 the company founded a joint venture with Sherwin Alumina under the name of Nashtec L.P. in the USA. There functional fillers are produced and sold to mainly US and Asian clients.

Summary Financials

Fiscal Year End December 31

Profit & Loss					Cash Flow Statement					
	2009	2010	2011	2012E	2013E		2010	2011	2012E	2013E
in EUR tsd.						in EUR tsd.				
Total Sales	72,381	112,645	132,762	135,277	142,041	Profit		0	4,690	5,290
Changes in %		56%	18%	1.9%	5.0%	Depreciation		0	7,760	7,909
EBITDA	3,733	14,324	20,573	18,973	19,921	Changes in Working Capital		0	5,419	1,208
in % of Total Sales	5.2%	12.7%	15.5%	14.0%	14.0%	Operative Cash Flow		13,595	17,869	14,407
EBIT	-2,708	6,548	12,524	11,213	12,012	Investments		-15,454	-10,000	-10,000
in % of Total Sales	n.m.	5.8%	9.4%	8.3%	8.5%	Financial Activities		-751	-1,749	0
Net Profit	-5,365	2,091	4,525	4,690	5,290	Free Cash Flow		-2,610	6,120	4,407
in % of Total Sales	n.m.	1.9%	3.4%	3.5%	3.7%					
Minorities	-318	312	895	800	800	Net Cash		-2,610	6,120	4,407
Shareholders of the Parent Company	-5,047	1,779	3,630	3,890	4,490	Cash at the beginning of the Year		18,957	16,347	22,467
Shares Outst. (in tsd.)	8,000	8,000	8,000	8,000	8,000	Cash at the end of the Year	18,957	16,347	22,467	26,875
EPS (reported)	-0.63	0.22	0.45	0.49	0.56					
Balance Sheet					Key Ratios					
in EUR tsd.										
Long-term Assets	108,702	110,559	117,541	119,781	121,872	P/E		12.45	11.04	
Inventories	19,213	21,415	26,320	24,813	26,054	P/Sales		0.43	0.41	
Trade Debtors	3,399	15,067	5,197	4,506	4,334	P/B		1.24	1.13	
Cash	497	18,957	16,347	22,467	26,875	Dividend Yield		0.00	0.00	
Share Capital	40,043	42,137	46,934	51,624	56,914	Equity Ratio		30%	32%	
Provisions	11,946	13,407	14,060	15,429	16,934	Tax Rate		25%	25%	
Liabilities	79,822	110,454	104,411	104,515	105,285					

Source: Nabaltec AG, VEM Aktienbank

SWOT Analyse

Strengths

Oligopolistic competitive environment and high barriers of entry make price increases possible

Thanks to improved regulatory general conditions (flame protection as well as environmental protection) it should be possible to achieve an above average growth rate in the long run

Excellent product characteristics lead to client trust and should result in market share gains.

Weaknesses

Pronounced dependence on raw materials make the operative performance dependent on the price development of these materials

Until now the company has achieved below average margins and has to pay high interests due to the high debt level

Opportunities

The new additive ACTILOX CAHC should lead to a growth spurt in regards to sales and should simultaneously support an increase of the operative margins

Ongoing investments in research and development allow the discovery of new innovative products and applications

Until now the company has a low presence in Asia. We expect strong growth out of this region

Risks

The new additive ACTILOX CAHC is not yet market approved and might not achieve the sales targets

The business model is dependent on the economic outlook

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Date of publication	Share Price at this date	Recommendation	New Fair Value (at date of publication)
09.06.2009	EUR 2,40	Buy	EUR 3,75
11.09.2009	EUR 2,07	Buy	EUR 3,55
25.11.2009	EUR 4,74	Buy	EUR 5,50
05.03.2010	EUR 4,30	Buy	EUR 5,50
03.05.2010	EUR 4,15	Buy	EUR 5,50
25.08.2010	EUR 5,60	Buy	EUR 7,60
25.11.2010	EUR 7,20	Buy	EUR 8,60
20.04.2011	EUR 9,00	Buy	EUR 12,00
10.06.2011	EUR 11,68	Buy	EUR 15,00
09.09.2011	EUR 5,20	Buy	EUR 15,00
29.11.2011	EUR 6,45	Buy	EUR 13,0
2.3.2012	EUR 8,60	Buy	EUR 13,0

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Company	Disclosure
Nabaltec AG	3 - 5 - 9 -10 -11

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This financial analysis is based on public available information (Company presentations, Annual Reports, Quarterly Reports, Press Information, prospectus, ad-hoc announcements etc.). Moreover, management interviews for more detailed information about the current business development were held with the company.

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BUY: The expected return (composed of the projected change of the share price and the anticipated dividend yield) is at least + 10 %.

HOLD: The expected return (composed of the projected change of the share price and the anticipated dividend yield) ranges from - 10 % and + 10 %.

SELL: The expected return (composed of the projected change of the share price and the anticipated dividend yield) is worse than - 10 %.

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Additional important information:

Date of first publication of this analysis by VEM: April 30, 2012

Date and Time of relevant Share Price: see first page

A schedule for an update of this Analysis is not appointed yet. VEM reserves the right to update any individual analysis without prior notice.