

Report

Equities | Germany | Chemicals
17.09.2012

Nabaltec AG



Recommendation: Buy

Risk: High

Price: EUR 7.0

Fair Value: EUR 12.1

Sector: Chemicals

Reuters Code: NTGG.F

Bloomberg Code: NTG GR

Home Page: www.nabaltec.de

Fiscal Year End: December

Trading Data:

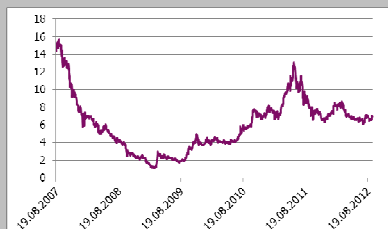
High-Low 52w (EUR): 9.85 – 5.90

Market Cap (in EUR m): 56.0

Shares Outst. (in m): 8,0

Free Float: 38.18%

Price Chart



Financial Calendar:

29. November 2012: Q3 2012

Date and Time of Prices:

17. September 2012, 9:30 CET

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Attention is drawn to the disclaimer and other information on page 21

Under valued Chemical Company

Nabaltecs stock price is currently far away from its three year high reached in July, 2011. The low share price cannot be justified fundamentally in our view, as the fundamental data is as good as it has never been. 2011 has been a record year in regards to sales and earnings and even the first half year 2012 was convincing. We are very confident that the company will reach our 2012 estimates and also believe in good growth rates for fiscal year 2013.

Our fair value per share is EUR 12.1, which is equal to a company value of EUR 96.5m.

We recommend purchasing the stock.

Main Points

- > The company should profit from the general trend towards environmentally friendly as well as flame resistant fillers and a consistent high demand for technical ceramics. We expect full order books coming from the home market and abroad.
- > Additionally, we expect growth from positive developments in the new segments Additives and Boemithe, in which Nabaltec AG has invested heavily over the last years.
- > The company will be burdened by high debt levels in the coming years. This will make it difficult to increase net margins substantially in the future.

Financials

For fiscal year 2012 we expect sales of EUR 135.3m, which is equal to a growth rate of 5.0%. Net earnings should reach EUR 5.1m with a net margin of 3.8%. We calculate with a positive economic growth in 2013 and consequently increasing sales of 5.0% compared to 2012.

Valuation

To calculate the fair value of the company we have used a DCF model. Our discount rate is 9.0%.

(in EUR tsd.)	2007	2008	2009	2010	2011	2012E	2013E
Sales	88,109	96,277	73,060	112,701	129,022	135,277	142,041
EBITDA Margins	9.5%	9.7%	5.1%	12.7%	15.9%	16.0%	16.0%
EBIT Margin	4.5%	4.3%	-3.7%	5.8%	9.7%	9.5%	9.7%
Net Profit	659	(182)	(5,365)	2,091	4,525	5,286	6,281
EPS	0.30	0.14	(0.63)	0.22	0.45	0.54	0.66
P/Sales			0.77	0.50	0.43	0.41	0.39
P/E			n.m.	n.m.	12.4	10.6	8.9
P/B			1.24	1.40	1.33	1.19	1.07

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Executive Summary

- After a convincing 2011, half year 2012 results have been good as well and demonstrated again the operative strength of the company. Sales were with EUR 68.3m slightly below the level of half year results 2011 (H1 2011: EUR 70.1m). Nevertheless, the management and we as well are satisfied with the results, when considering the ongoing crisis in some sales markets.
- For the full year 2012 we remain positive and expect sales of EUR 135.2m, which is equal to a growth rate of 5.0% compared to last year. Net margins should be 3.8%. This is equal to a net profit of EUR 5.1m. For fiscal year 2013 we are also positive and expect an additional sales growth of 5.0% to EUR 142m. Net margins should increase slightly to 3.9%.
- The highest risk in regards to the operative potential of Nabaltec AG is the likelihood of an international economic slowdown. The operative success is strongly dependent on the global economy as main clients come from sensitive industries like construction or transportation. Currently, we believe in a mediocre economic scenario. The German economy is still growing slightly, but mainly Southern European Countries should continue to suffer. China is growing less strong than in former years and the USA is still weak.
- Nabaltec AG is focusing on the development, production and distribution of products based on aluminum hydroxide und aluminum oxide. The company with its almost 400 employees concentrates on two segments "Functional Fillers" for the plastic as well as cable industry and "Technical Ceramics" for the ceramics, fire resistant and polishing industry.
- Market share should increase in the future. Main reason is a higher product quality in comparison to the competitors, which should support Nabaltec AG to gain additional clients. In most of the segments, the company is already market leader.
- New products like the new additive ACTILOX CAHC (mainly used in the PVC industry) and Boemithe for the electronic industry should be a catalyst for good sales and earnings growth in the future. Currently, the demand is still somewhat limited.
- Our fair company value for Nabaltec AG is EUR 96.5m, which is equal to a value of EUR 12.1 per share. The current stock price of EUR 7.0 is far below our price target and we expect the stock price to move towards our price target in the mid-term. In order to calculate our fair value we have used a DCF model.

SWOT Analysis

Strengths	Weaknesses
<ul style="list-style-type: none"> • Oligopolistic competitive environment and high barriers of entry make competition easier and make Nabaltec AG a premier supplier. • Outstanding product quality and long-term experience lead to high client trust and consequently to a gain in market share. • New products will lead to an additional sales growth and simultaneously to an increase in operative profit margins. 	<ul style="list-style-type: none"> • A high debt level leads to high interest payments, which will have a negative effect on earnings growth. • High dependence on raw materials and high energy demand make results dependent on price development in these segments. • The business model is still characterized by low profit margins.
Chances	Risks
<ul style="list-style-type: none"> • Governmental laws in regards to flame resistance and environmental issues force increasingly to use flame resistant products, which should lead to over proportional high sales growth in the future • Ongoing investments in research & development will lead to new and innovative products and applications. • Over proportional strong growth in until now less developed areas like Asia. 	<ul style="list-style-type: none"> • The new additives so far have just a limited market testing and may not reach its sales targets. • The company is dependent on the economic cycle, making results volatile.

Short and midterm Catalysts

- On November 29th 2012 the company will present its Q3 2012 results and will give an outlook on the future development of the company
- Company management will attend investors meetings as well as road shows. This might have a positive effect on the stock price development.
-

Valuation

We have used a Discounted Cash Flow (DCF) model to reach a fair value of Nabaltec AG. We are aware of the fact that this method involves some risks. Thus, we additionally conducted a sensitivity analysis and ran through several scenarios (best case/worst case), to reach a plausible and realistic target value of the company.

We find a peer group analysis unsuitable as there is no reasonable group of comparable companies. Either Nabaltec's competitors are in private hands and it is not possible to find consensus estimates, or they belong to large multinational firms and only achieve a small portion of total sales with products similar to Nabaltec.

The DCF method resulted in a fair company value of EUR 96.5m, equal to a target price of EUR 12.1.

We recommend purchasing the shares.

DCF Valuation

We have used the Free Cash Flow to Equity (FCFE), in order to reach the equity value of Nabaltec AG. We have calculated with a long term growth rate of 2.5% p.a.. Our WACC is 9.0%.

DCF Model

(in EUR tsd)	2010	2011	2014E	2015E	2016E	2017E	2018E
Net Income	2,091.00	4,525.00	7,349.10	7,716.55	7,149.16	7,506.61	6,831.02
(+) Depreciation and Amortisation	7,776.00	8,049.00	10,807.49	11,347.87	11,915.26	12,511.02	13,136.58
(-) Cash flow from working capital	-	-	771.96	810.56	851.09	893.64	938.33
(-) Capital Expenditure	(7,493.00)	(15,454.00)	(10,807.49)	(11,347.87)	(11,915.26)	(12,511.02)	(13,136.58)
(-) Net Debt repayments	-	-	(1,000.00)	(1,000.00)	(1,000.00)	(1,000.00)	(1,000.00)
FCFE	2,374.00	(2,880.00)	7,121.06	7,527.11	7,000.25	7,400.26	6,769.35
FCFE adjusted for valuation date	2,374.00	(2,880.00)	7,121.06	7,527.11	7,000.25	7,400.26	6,769.35
PV of cash flows	2,374.00	(2,880.00)	5,841.37	5,664.64	4,833.15	4,687.46	3,933.79
Sum of PV - First Phase		(964.65)					
Sum of PV - Second Phase		19,119.04					
Terminal Value growth Rate		2.5%					
Terminal Value		106,747.38					
PV of Terminal Value		62,032.83					
PV of FCFE		80,187.22					
(+) Cash		16,347.00					
Target Value		96,534.22					

Source VEM Aktienbank

Summary of DCF Valuation	Value	% of Total
PV of First Stage	(964.65)	-1.0%
PV Second Stage	19,119.04	19.8%
PV of Terminal Value	62,032.83	64.3%
Cash	16,347.00	16.9%
Target Price	96,534.22	100.0%

Cost of Equity	
Cost of Equity	9.0%
Beta	1.00
Risk Premium	6.5%
Risk Free rate	2.5%

Source VEM Aktienbank

Sensitivity Analysis

The results of the sensitivity analysis show that Nabaltec AG equity is attractively valued, even under aggressive assumptions.

Overview Sensitivity

Company Value in EUR tsd.							Value per share in EUR						
growth rate	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	growth rate	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%
WACC							WACC						
7.5%	102603.6	108519.7	115511.3	123901.3	134155.8	146973.9	7.5%	12.83	13.56	14.44	15.49	16.77	18.37
8.0%	95575.3	100523.1	106295.4	113117.3	121303.5	131308.9	8.0%	11.95	12.57	13.29	14.14	15.16	16.41
8.5%	89488.1	93672.4	98500.5	104133.3	110790.3	118778.6	8.5%	11.19	11.71	12.31	13.02	13.85	14.85
9.0%	84165.5	87738.7	91822.3	96534.2	102031.4	108528.1	9.0%	10.52	10.97	11.48	12.07	12.75	13.57
9.5%	79472.6	82549.9	86037.4	90023.2	94622.3	99987.8	9.5%	9.93	10.32	10.75	11.25	11.83	12.50
10.0%	75304.4	77974.6	80978.4	84382.8	88273.6	92762.9	10.0%	9.41	9.75	10.12	10.55	11.03	11.60
10.5%	71578.2	73910.5	76517.3	79449.8	82773.4	86571.8	10.5%	8.95	9.24	9.56	9.93	10.35	10.82
11.0%	68227.6	70277.1	72554.3	75099.4	77962.7	81207.7	11.0%	8.53	8.78	9.07	9.39	9.75	10.15
11.5%	65199.0	67009.7	69010.9	71234.5	73719.7	76515.6	11.5%	8.15	8.38	8.63	8.90	9.21	9.56
12.0%	62448.5	64056.0	65824.2	67778.6	69950.1	72377.1	12.0%	7.81	8.01	8.23	8.47	8.74	9.05
12.5%	59939.8	61373.2	62943.2	64670.2	66579.0	68699.8	12.5%	7.49	7.67	7.87	8.08	8.32	8.59
13.0%	57642.6	58926.1	60326.3	61859.8	63546.7	65411.1	13.0%	7.21	7.37	7.54	7.73	7.94	8.18

Source: VEM Aktienbank

Profile

The company- founded in 1994 – focuses on the development, production as well as distribution of specialty products based on aluminum hydroxide and aluminum oxide and other raw materials. Nabaltec AG is selling white powder, used in the plastic cable, ceramics, fire retardant as well as the polishing industry.

The German production sites are in Schwandorf – the headquarter – and Kehlheim. Both sites are in Bavaria.

In 2006 Nashtec L.P. based in Corpus Christi, Texas USA was added. Nashtec L.P. is a US Joint Venture with Sherwin Alumina. Nabaltec AG owns 51% of the company.

Due to the ongoing operative success, the company has increased the number of employees substantially. Currently, the company has a staff of almost 400 people.

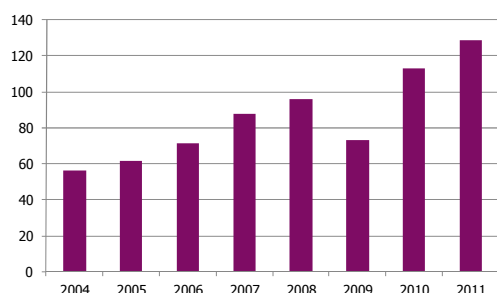
The Business Model and the historical Sales/Earnings Development

The company focuses on two business segments “Functional Fillers” and “Technical Ceramics”.

With the exception of the crisis year 2009, Nabaltec AG was able to grow its sales continuously. In fiscal year 2011 the company achieved sales of EUR 129.0m, which is equal to a growth rate of 14% compared to 2010 and was simultaneously the highest sales amount Nabaltec AG has ever achieved. 2012 as well has started very promising (please see Chapter “Financials”)

Since 2004 the average annual growth rate has been 11.0%.

Sales Development in EUR m

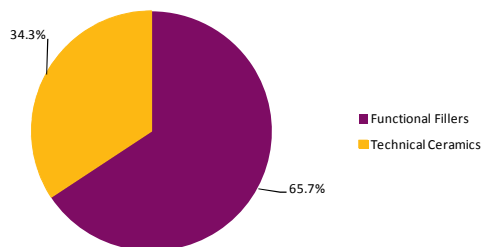


Source: Nabaltec AG

Total sales are generally allocated relatively stable to the two segments over the years.

In fiscal year 2011 roughly two thirds were generated by the segment “Functional Fillers” and one third by the segment “Technical Ceramics”.

Sales Allocation by Segment (Fiscal Year 2011)

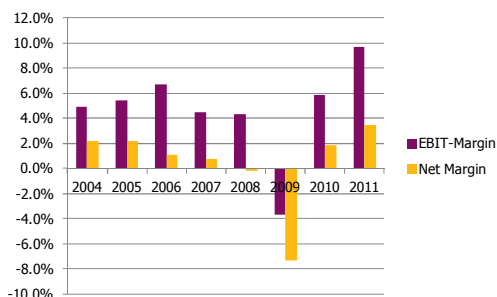


Source: Nabaltec AG

Operational earnings could be continuously expanded and have been at a level of EUR 12.5m in 2011, which is equal to an EBIT margin of 9.7%. Net margins have improved strongly over the years, but are still at a low level. Nevertheless, they have been with 3.5% in 2011 considerably higher than last year (net margin 2010: +1.9%).

Responsible for the generally low level of net margins is the high debt level of Nabaltec AG and consequently high interest payments.

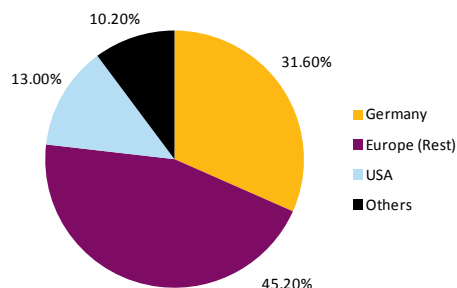
Margins Development of Nabaltec AG



Source: Nabaltec AG

Nabaltec AG achieved in 2011 68.4% of total sales abroad. Most important market is for years Europe followed by the USA (see graphic).

Total Sales per Region (Fiscal Year 2011)



Source: Nabaltec AG

Functional Fillers

“Functional Fillers” is the largest business segment of Nabaltec AG. In 2011, the company achieved sales of EUR 84.8m; 11.7% higher than in fiscal year 2010.

Operative margins were a very nice 9.1%. In 2010 EBIT margins were still 4.5%.

From aluminum hydroxide and magnesium hydroxide the company produces halogen free as well as fire resistant fillers (products without fluoride, chloride, bromine). These products have the characteristics that they are smoke limiting (increase of escape time) as well as non toxic (reduction of carbon monoxide by a third). Additionally, they are harmless to the environment.

The products are used in the plastic industry for cables, isolations as well as insulations. Clients come from the construction industry, electronics as well as transport (cars, planes, trains) industry.

The fillers are partly patented and are sold under the names APYRAL® and APYMAG®.

Main markets are Europe followed by the USA.

Technical Ceramics

“Technical Ceramics” is the second and lower volume segment of Nabaltec AG. With the business segment “Technical Ceramics” the company achieved sales of EUR 44.2 in 2011, a plus of 20.1% compared to 2010. In this period operative margins were a great 10.8% und could be even expanded compared to last year.

The product is characterized by a high abrasion resistance (after diamond, aluminum oxide is the hardest mineral), a very high form as well as temperature consistency. It is not conductive, corrosion resistant as well as resistant against chemical and biological impacts.

Here as well main market is with a lead Europe, in particular Germany.

The products are mainly used in blast furnaces for the steel industry. Generally, they find their usage in the fire proof and polishing industry as well as in the production of consumer ceramics and electronics ceramics.

Specialty aluminum oxides are distributed under diverse brand names like NABALOX®, SYMOLOX® and GRANALOX®. From these products ceramic raw materials as well as masses are produced, which can resist strongest pressures and fulfill the highest standards.

Management

Nabaltecs top management has not changed over the years and consists of the two managers Gerhard Witzany and Johannes Heckmann.

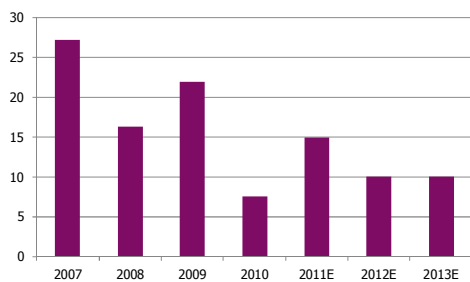
Both managers are characterized by high competence a broad network and long-term experience. Both own substantially Nabaltec shares (see capital: "Equity Structure"). This should guarantee a strong engagement in the company.

Investments

The business model is very capital intensive.

New machines, necessary to expand, are huge and consequently very pricy. For years, Nabaltec AG has invested strongly in machines and production sites. Now, the capacity is sufficient to reach the high growth expected in the coming years. In the future we mainly expect replacement investments. For 2012 and 2013 we calculate with investment in the low digit million areas.

Yearly Investments in EUR m

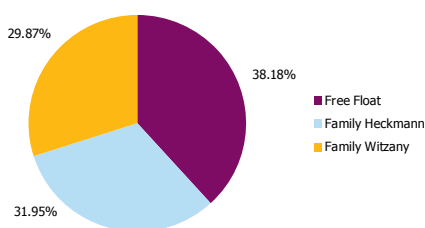


Source: Nabaltec AG, VEM Aktienbank

The Equity Structure

The equity structure has not changed much over the last years; more than 60% of the shares are in the hands of the management. We do not believe that the management is planning to sell their position in the short to mid run. The families Heckmann (32% of total shares) and Witzany (29.8% of total shares) hold the largest portion of the stocks. 38.2% are free float.

Equity Structure (30.06.2012)



Source: Nabaltec AG

The Growth Drivers

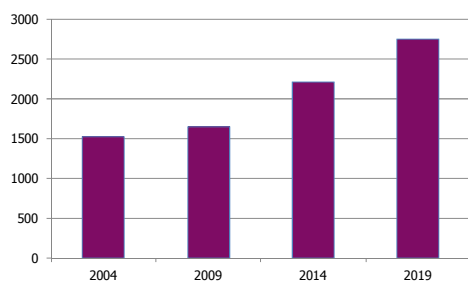
Nabaltec AG is very good positioned. Order books are full, demand is still high. Although there are generally some future concerns about the stability of the global economy, we see no reason not to believe in the value and growth drivers of Nabaltec AG

Good demand for already established products should continue

Although Nabaltec's business model is of cyclical nature and we cannot exclude that the German economy is slowing down in the future, we still think that the general growth drivers are intact and consequently an increase in client demand of the existent product portfolio. Several independent research institutes like Frost & Sullivan or the Freedonia Group Inc. support this view in their research results.

We consequently believe that the market for "Functional Fillers" should grow in a mid single digit range in the coming years. Main reasons are ongoing worldwide regulations for safety aspects (no fire developments). Freedonia Group estimates a growth of annually 5.2% in the segment of flame resistant products till 2019. Basis year is 2009.

Market Volume of Flame Resistant Products in m Tons



Source: The Freedonia Group

In the "Technical Ceramics" segment as well we calculate with longer term good growth rates. For "Technical Ceramics" the market growth should be at around 3% annually. Growth potential is mainly driven by the development of the global economy.

Additionally, we expect the company to expand its dominating market position in "Functional Fillers" as well as "Technical Ceramics", mainly due to the higher product quality in comparison with its competition.

The competitive environment is for years almost unchanged. New emerging competitors are not existent. The barriers of entry are too high and the investments are enormous.

Therefore, the company is in an oligopolistic competitive environment. Most competitors are small subsidiaries of large multinational chemical companies or small to midsize private firms.

For years Nabaltec AG belongs to the top tier players. In the segment of "Functional Fillers" as well as "Technical Ceramics" (ceramic masses) the company is market leader.

Only in "Technical Ceramics" (chemical raw materials) the company does not belong to the top 3 and is number 4.

Ranking of Competitive Environment (2011)

Rank	<i>Functional Fillers</i>	<i>Technical Ceramics Ceramic Raw Material</i>	Technical Ceramics Ceramic Masses
1	Nabaltec AG	Almatis	Nabaltec AG
2	Albemarle	ALTEO	Albemarle
3	Chalco	MAL Magyar Aluminium	Eggerding & Co. Group Maalwerk
3	MAL Magyar Aluminium	Nabaltec AG	
5	Huber Engineered Materials	Albemarle	

Source: Nabaltec AG

New Applications – new product segment Additives and Boehmite

Nabaltec AG invests heavily in research and development of new products. It is the goal, to increase the existing product pipeline and to improve the product mix. This should not only guarantee high growth rates but also improve profit margins.

The new additives are an excellent example for the successful realization of new products. The company has started the production of a new patented additive under the name ACTILOX® CAHC. For EUR 20.0m Nabaltec AG has built a new production site with the state of the art machines.

The new additive is mainly used in the PVC production. Applications are basically windows, plastic tubes as well as roller shutters. ACTILOX ® CAHC is based on calcium/zinc and prevents plastic from corrosion, light and oxygen. Additionally, it has the characteristics to be free of heavy metal, thus being environment friendly.

Growth potential comes as well from Boehmite. The electronics industry - in particular the circuit boards industry - is Nabaltecs main client. With Boehmite it is possible to guarantee halogen free flame resistance and lead free brazing.

Of course it takes time, till a new customer can be gained as a partner. For potential new clients the usage of a new product implements a substantial adjustment to the production process, which understandably involves some risk. This has the consequence that companies tend to test the new

additives extensively. Nabaltec AG is already in advanced talks with well known prospective clients. Some are already in the last auditing.

We are confident that Nabaltec AG is soon going to announce the assignment of new contracts with well known and globally active companies. This should lead to above growth rates in the mid to long run.

Growth Market abroad

In 2011 the company was able to achieve around 70% of sales in the non German speaking region. We believe that this allocation will grow even further in the coming years.

Although Europe's South is currently burdened by an ongoing economic crisis and therefore the demand for Nabaltec's products is limited, we still believe in longer term above average growth rates.

We expect demand in Asia to be strong in the coming years. There, sales share is still low. We believe that the demand for Nabaltec products will grow especially due to new environmental and flame resistant laws. Partnerships will be very helpful to expand. Nabaltec AG has signed a partnership agreement with the Japanese Sumitomo Chemical last December. In a first step Sumitomo will be delivered with special hydroxide products, which will be then exclusively distributed in East Asia.

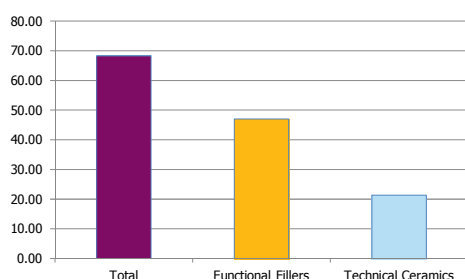
But as well Nashtec LLC. – Nabaltec AG's US subsidiary – will ongoing play an important role, as a significant portion of the products will be shipped from Texas to Asia. We expect a strong demand coming from growth regions like China and India.

Financials

First Half Year 2012 – as expected

The first half year 2012 was as we expected. Total sales were EUR 68.3m and therefore slightly lower as the comparable half year in 2011, but by 16% higher than sales in H2 2011. “Functional Fillers” were responsible for 69% of total sales, products in the segment of “Technical Ceramics” for 31%.

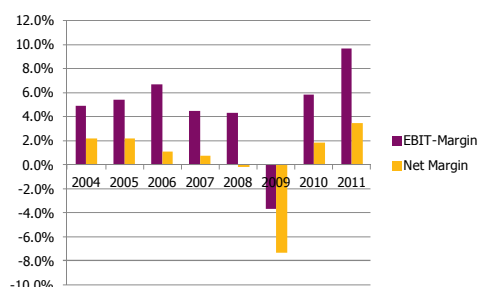
H1 2012 Sales in EUR m



Source: Nabaltec AG

We are also satisfied with the earnings development. In the first half 2012 the company has achieved an operative earnings result of EUR 6.7m, which is equal to an EBIT margin of 9.8%. This is as well lower than the operating margin in H1 2011, where the EBIT margin was 11.4%, but is still satisfying.

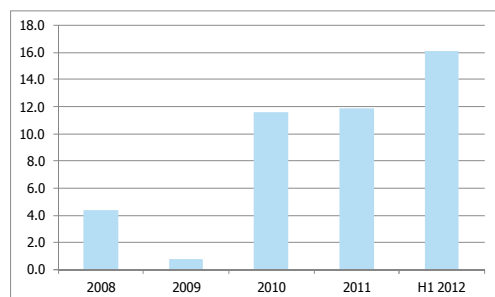
EBIT Margins



Source: Nabaltec AG

We are happy with the development of the operative cash flow. End of June 2012 operative cash flow was EUR 16.1m and was by EUR 4.2m higher than at the end of 2011. Cash was at a very comfortable level of EUR 20.46m.

Operative Cash flow in EUR m



Source: Nabaltec AG

Growth expected for 2012 and 2013

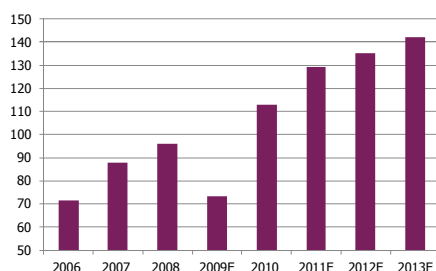
We still believe in a positive growth potential of Nabaltec AG and calculate for fiscal years 2012 and 2013 with an annual sales growth of 5.0%.

Consequently, we calculate for fiscal year 2012 with sales of EUR 135.3 and in fiscal year 2013 with sales of EUR 142.0m. We believe that both segments "Functional Fillers" as well as "Technical Ceramics" will be responsible equally for the sales growth.

We expect growth coming from the home market as well as from international demand.

Boemithe and the new additives should start to play a more significant sales part in 2013.

Sales Development in EUR m



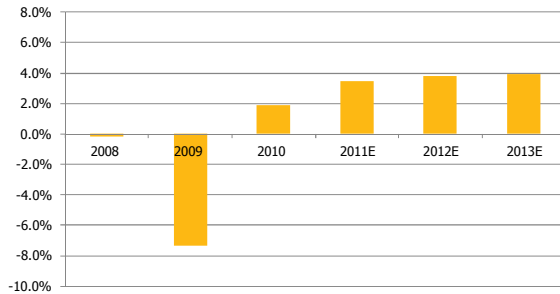
Source: Nabaltec AG, VEM Aktienbank

As well on the earnings side we believe in a slow net margin expansion.

For 2012 we calculate with a net margin of 3.9%, which is equal to net earnings of EUR 5.3m. For 2013 we believe net margin to be 4.4%. This would be equal to a net result of EUR 6.3m.

Better results are due to the still high interest payments not possible.

Net Margins Development in %



Source Nabaltec AG, VEM Aktienbank

We expect cash to be EUR 12m at the end of 2012. Nabaltec AG will reduce its debt level substantially in the coming years. This will lead to a cash reduction but as well to lower interest payments.

Appendix – Financial Reports

Profit & Loss Statement

(in EUR tsd.)	2007	2008	2009	2010	2011	2012E	2013E
Sales	88,109	96,277	73,060	112,701	129,022	135,277	142,041
Growth in %	23%	9%	-24%	54%	14%	5%	5%
Others	3,734	6,303	-679	2,109	5,182	5,000	5,000
Growth in %	77%	69%					
Total	91,843	102,580	72,381	114,810	134,204	140,277	147,041
Growth in %	25%	12%	-29%	59%	17%	4.5%	5%
Costs of Goods Sold	-50,195	-57,528	-38,061	-60,815	-69,769	-71,967	-75,282
in % of Sales	57.0%	59.8%	52.1%	54.0%	54.1%	53.2%	53.0%
Gross Profit	41,648	45,052	34,320	53,995	64,435	68,310	71,759
Gross Margins	45.3%	46.8%	47.0%	47.9%	49.9%	50.5%	50.5%
Personnel Expenses	-15,648	-17,109	-15,595	-19,017	-20,967	-22,963	-24,111
in % of Sales	17.8%	17.8%	21.3%	16.9%	16.3%	17.0%	17.0%
Other operating Expenses	-17,649	-18,625	-14,992	-20,654	-22,895	-23,673	-24,857
in % of Sales	20.0%	19.3%	20.5%	18.3%	17.5%	17.5%	17.5%
EBITDA	8,351	9,318	3,733	14,324	20,573	21,673	22,791
EBITDA Margins	9.5%	9.7%	5.1%	12.7%	15.9%	16.0%	16.0%
Depreciation	4,375	5,190	6,441	7,776	8,049	8,818	9,000
EBIT	3,976	4,128	-2,708	6,548	12,524	12,855	13,791
EBIT Margins	4.5%	4.3%	-3.7%	5.8%	9.7%	9.5%	9.7%
Financial Income	-2,805	-3,087	-4,323	-5,111	-6,353	-5,806	-5,416
EBT	1,171	1,041	-7,031	1,437	6,171	7,049	8,375
	1.3%	1.1%	-9.6%	1.3%	4.8%	5.2%	5.9%
Taxes	512	1,223	-1,666	-654	1,646	1,762	2,094
Tax Rate	44%	117%	0%		27%	25%	25%
Other taxes							
Net Profit	659	-182	-5,365	2,091	4,525	5,286	6,281
Net Margins	0.7%	-0.2%	-7.3%	1.9%	3.5%	3.9%	4.4%
Shareholders of the parent company	2,364	1,126	-5,047	1,779	3,630	4,286	5,281
Minority Interests	-1,705	-1,308	-318	312	895	1,000	1,000
EPS	0.30	0.14	-0.63	0.22	0.45	0.54	0.66
Number of Shares	8,000	8,000	8,000	8,000	8,000	8,000	8,000

Source Nabaltec AG, VEM Aktienbank

Balance Sheet

(in EUR tsd)	2007	2008	2009	2010	2011	2012E	2013E
Assets							
Fixed Assets	82,520	96,928	108,469	109,033	116,399	117,581	118,581
Intangible Assets	265	364	233	216	232	232	232
Deferred Taxes				1,310	910	910	910
Long Term Assets	82,785	97,292	108,702	110,559	117,541	118,723	119,723
Inventories	17,849	28,408	19,213	21,415	26,320	25,435	25,781
Trade Receivables							
Trade Receivables from Operations	2,783	1,303	499	1,612	2,249	6,115	6,616
other Receivables	4,703	3,216	2,900	13,455	2,948	2,653	2,388
Cash	1,676	1,942	497	18,957	16,347	11,988	9,127
Deffered Income	7,062						
Current Assets	34,073	34,869	23,109	55,439	47,864	46,192	43,912
TOTAL	116,858	132,161	131,811	165,998	165,405	164,914	163,635
Liabilities and Stockholder´s Equity							
Equity	47,329	45,051	40,043	42,137	46,934	52,220	58,502
Subscribed Capital	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Capital Reserves	29,764	29,764	29,764	29,764	29,764	29,764	29,764
Retained Earnings	9,707	9,707	9,707	9,711	9,711	9,711	9,711
Accumulated Deficit/Profit	- 170	1,394	2,520	- 2,572	- 793	3,493	8,775
Consolidated Results after Taxes and other	1,878	192	- 5,945	1,203	3,336	3,336	3,336
Minority Interests	- 1,850	- 4,006	- 4,003	- 3,969	- 3,084	- 2,084	- 1,084
Provisions							
Other Provisions	1,528	930	868	354	372	372	372
Pension Provisions	9,606	9,643	11,078	13,053	13,688	15,057	16,562
Liabilities							
Long-term Financial Liabilities	20,374	27,377	47,197	39,609	34,979	25,884	16,048
Long-term Trade Liabilities	11,401	9,497	6,066	11,244	10,037	11,830	12,788
Leasing and Participation Capital	7,240	6,171	4,927	4,951	4,976	5,026	0
Short-term Financial Liabilities	6,790	10,236	4,737	8,332	8,146	9,164	14,663
Other Liabilities	7,729	17,612	4,426	28,694	29,467	29,467	29,467
Other short-term Liabilities	1,037	1,093	10,393	14,908	13,036	12,123	11,275
Tax Liabilities	3,824	4,551	2,076	2,716	3,770	3,770	3,959
TOTAL	116,858	132,161	131,811	165,998	165,405	164,914	163,635

Source: Nabaltec AG, VEM Aktienbank

Cashflow Statement

(in EUR tsd)	2008	2009	2010	2011	2012E	2013E
Net Income					5,286	6,281
Depreciation					8,818	9,000
Changes in Provisions					1,369	1,506
Special Effect due to Factoring						
Changes in Receivables and other assets					-2,686	-581
Changes in Liabilities and others					881	297
Cash flow from Operating Activities		4,565	15,402	13,595	13,668	16,503
Purchase of intangible Assets and Fixed Assets		-20,336	-7,493	-15,454	-10,000	-10,000
Cash flow from investing Activities		-20,336	-7,493	-15,454	-10,000	-10,000
Cash Proceeds from equity sources						
Changes of Bank Liabilities					-8,027	-9,363
Cash flow from Financing Activities		14,372	10,551	-751	-8,027	-9,363
Cash flow for the Year		-1,399	18,460	-2,610	-4,359	-2,861
Cash Balance at the Beginning of the Year		1,942	497	18,957	16,347	11,988
Cash Balance at the End of the Year		1,942	497	18,957	16,347	11,988

Source: Nabaltec AG, VEM Aktienbank

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<u>Date of publication</u> <u>(at date of publication)</u>	<u>Share Price at this date</u>	<u>Recommendation</u>	<u>New Fair Value</u>
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<u>Company</u>	<u>Disclosure</u>		
	<u>3</u>	<u>5</u>	<u>9 - 10 -11- (12)</u>
09.06.2009	EUR 2,40	Kaufen	EUR 3,75
11.09.2009	EUR 2,07	Kaufen	EUR 3,55
25.11.2009	EUR 4,74	Kaufen	EUR 5,50
05.03.2010	EUR 4,40	Kaufen	EUR 5,50
03.05.2010	EUR 4,15	Kaufen	EUR 5,50
25.08.2010	EUR 5,60	Kaufen	EUR 7,60
25.11.2010	EUR 7,20	Kaufen	EUR 8,60

20.04.2011	EUR 9,00	Kaufen	EUR 12,00
10.06.2011	EUR 9,50	Kaufen	EUR 15,00
09.09.2011	EUR 8,20	Kaufen	EUR 15,00
29.11.2011	EUR 6,45	Kaufen	EUR 13,00
02.03.2012	EUR 8,50	Kaufen	EUR 13,00
30.04.2012	EUR 7,30	Kaufen	EUR 13,00

1. There is a major shareholding (a shareholding exceeding 5 percent of the share capital) between persons and/or enterprises mentioned above and the issuer that is, or whose financial instruments are, the subject of this financial analysis.

2. The remuneration of the persons and/or enterprises mentioned above is dependent on investment banking transactions of the responsible enterprise or an undertaking associated with it.

3. The persons and/or enterprises mentioned above regularly hold shares of the issuer that is, or whose financial instruments are, the subject of this financial analysis, in its trading portfolio.

4. The persons and/or enterprises mentioned above own a short position in shares of the issuer that is, or whose financial instruments are, the subject of this financial analysis, of at least 1 percent of the share capital.

5. The persons and/or enterprises mentioned above manage the financial instruments of the issuer that is, or whose financial instruments are, the subject of this financial analysis, on a market by placing buy or sell orders (Market Making/Designated Sponsoring).

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8. The persons and/or enterprises mentioned above have acted as investment bank or selling agent in connection with initial public offering of the issuer that is, or whose financial instruments are, the subject of this financial analysis, in the way of a public offering.

9. The persons and/or enterprises mentioned above have, within the past 12 month, been party to an agreement on provision of investment banking services with the issuer that is, or whose financial instruments are, the subject of this financial analysis, or have received services or a promise to perform under the terms of such an agreement during the same period.

10. The persons and/or enterprises mentioned above expect or aim, within the next 3 month, for fees, allowances or payments of any other kind for investment banking services from the issuer that is, or whose financial instruments are, the subject of this financial analysis.

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12. Prior to its first publication, this financial analysis has been made available to the issuer that is, or whose financial instruments are, the subject of this financial analysis.

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Details of material sources of information:

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.

Summary of the valuation methods and principles applied in the preparation of the financial analysis:

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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 %.

For further important details concerning the valuation methods applied in the preparation of this analysis, the meaning of the specific investment recommendation (including the recommended investment period, the risks associated with the investment and the sensitivity of the valuation parameters) please see the Section "Valuation" in this analysis.

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Additional important information:

Date of first publication of this analysis by VEM : 17.09.2012

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.