

# Nabaltec

## Germany - Chemicals/ Specialty Chemicals



**HAUCK & AUFHÄUSER**  
INSTITUTIONAL RESEARCH AG

**Buy** (old: Buy)

**Price target: EUR 14.00** (old: EUR 14.00)

**Price:** EUR 8.35      **Next result:** Q4 30.04.12  
**Bloomberg:** NTG GR      **Market cap:** EUR 66.8 m  
**Reuters:** NTGG.DE      **Enterprise Value:** EUR 137.0 m

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**Sascha Berresch, CFA**  
Analyst

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

### Q4/FY 11 in-line with guidance / sound outlook for 2012

Nabaltec reported preliminary results with FY 11 sales of € 129m and EBIT of € 12.5m in-line with management guidance (eH&A € 130m and € 12.5m respectively). Numbers show a **strong bottom-line improvement in FY 11 in which the company doubled EBIT** and increased the EBIT margin by 390BP to 9.7%.

The **decline in sales in Q4 of 8.4% yoy to € 28.3m** reflects the high uncertainty caused by the sovereign debt crisis **which led customers to strongly reduce their inventories**. In particular functional fillers (i.e. flame retardants) were hit hard by this with sales dropping by 14.2% yoy to € 18.1m.

Despite the decline in sales in Q4, **EBIT increased by 12.3% yoy to € 1.5m** with an EBIT margin of 5.3%. This well reflects the structural change in Nabaltec's market allowing for a strongly improved pricing environment, in our view. This is due to the fact that over years major competitors in this oligopolistic market received the raw material at subsidised prices. As this ended it led to a strong improvement of pricing. EPS estimates came in lower than expected due to higher taxes.

Management **provided a sound outlook for 2012 expecting sales growth of > 5% to > € 135m** (eH&A 8.5% or € 140m) stating that the start of the year was encouraging. The positive outlook is based on the structurally increasing demand for environmental-friendly flame retardants driven by OEM's phase out plans and tighter regulation. Also, new products as well as the distribution partnership with Sumitomo Chemical to distribute Nabaltec's products in Asia should support growth. At this stage management expects the **EBIT margin to remain stable at the current level of around 10% (eH&A 11.0%) which looks conservative**, given the favourable shift in the product mix and the operating leverage of the company.

**Trading on 6.7x EV/EBITDA 2011, the current valuation reflects an ex growth scenario, in our view.** Hence, the current price does neither incorporate the sales and earnings potential of the installed capacity (eH&A > € 160m sales and > € 20m EBIT) nor the potential to deleverage (i.e. € 8m redemptions or € 1 per share p.a.) given that major investments have been stemmed (€ 130m since 2005). Our **PT of € 14.00 is based on FCFY 2012E** which is conservative as it does not incorporating the growth and de-leverage potential beyond 2012. *-continued-*

Y/E 31.12 (EUR m)	2008	2009	2010	2011p	2012E	2013E	2014E
Sales	96.3	73.1	112.7	129.0	140.0	153.6	168.9
Sales growth	9 %	-24 %	54 %	14 %	8 %	10 %	10 %
EBITDA	9.3	3.7	14.3	20.6	24.4	28.9	34.7
EBIT	4.1	-2.7	6.5	12.5	15.3	19.1	24.9
Net income	1.1	-5.0	1.8	3.7	6.5	9.6	13.8
Net debt	42.9	57.6	52.9	57.2	52.1	42.5	26.1
Net gearing	87.5 %	128.4 %	115.0 %	123.8 %	91.0 %	64.0 %	26.9 %
Net Debt/EBITDA	4.6	15.4	3.7	2.8	2.1	1.5	0.8
EPS fully diluted	0.14	-0.63	0.22	0.46	0.82	1.20	1.73
CPS	0.63	0.02	0.40	0.53	1.00	1.39	1.65
DPS	0.00	0.00	0.00	0.00	0.13	0.20	0.74
Dividend yield	0.0 %	0.0 %	0.0 %	0.0 %	1.6 %	2.4 %	8.9 %
Gross profit margin	44.8 %	45.6 %	46.0 %	48.6 %	50.4 %	51.5 %	51.9 %
EBITDA margin	9.7 %	5.1 %	12.7 %	15.9 %	17.4 %	18.8 %	20.5 %
EBIT margin	4.3 %	-3.7 %	5.8 %	9.7 %	11.0 %	12.4 %	14.7 %
ROCE	4.2 %	-2.5 %	5.3 %	9.3 %	11.5 %	14.2 %	17.6 %
EV/sales	1.2	1.9	1.2	1.1	0.9	0.8	0.6
EV/EBITDA	12.8	36.3	9.3	6.7	5.4	4.2	3.1
EV/EBIT	29.0	-50.1	20.3	11.0	8.6	6.4	4.3
PER	60.1	-13.3	37.5	18.1	10.2	7.0	4.8
Adjusted Free Cash Flow	3.5 %	0.2 %	6.5 %	8.5 %	10.5 %	13.5 %	16.8 %

Source: Company data, Hauck & Aufhäuser Close price as of: 01.03.2012



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 13.00 / 6.32  
**Price/Book Ratio:** 1.4  
**Relative performance (SDAX):**  
 3 months 12.2 %  
 6 months -24.7 %  
 12 months 20.0 %

#### Changes in estimates

		Sales	EBIT	EPS
2011	old:	130.0	12.5	0.50
	Δ	-	-	-10.4%
2012	old:	140.0	15.3	0.82
	Δ	-	-	-
2013	old:	153.6	19.1	1.20
	Δ	-	-	-

#### Key share data:

Number of shares: (in m pcs) 8.0  
 Authorised capital: (in € m) 4.0  
 Book value per share: (in €) 5.8  
 Ø trading volume: (12 months) 20,000

#### Major shareholders:

Free Float 38.2 %  
 Family Heckmann 32.0 %  
 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.

EURm	Q4 11	Q4 11 est	Q4 10	yoy	Q3 11	qoq	FY 11	FY 10	yoy
<b>Sales</b>	<b>28.3</b>	<b>29.3</b>	<b>30.9</b>	-8.4%	<b>30.6</b>	-7.2%	<b>129.0</b>	<b>112.7</b>	14.5%
<b>Functional fillers</b>	<b>18.1</b>	<b>19.1</b>	<b>21.1</b>	-14.2%	<b>19.1</b>	-5.2%	<b>84.8</b>	<b>75.9</b>	11.7%
<b>Technical Ceramics</b>	<b>10.2</b>	<b>10.0</b>	<b>9.8</b>	4.1%	<b>11.5</b>	-11.3%	<b>44.2</b>	<b>36.8</b>	20.1%
<b>EBITDA</b>	<b>3.5</b>	<b>3.5</b>	<b>3.3</b>	6.9%	<b>4.6</b>	-23.8%	<b>20.6</b>	<b>14.3</b>	43.6%
EBITDA margin (%)	12.4%	11.9%	10.6%	+ 1.8 pp	15.1%	- 2.7 pp	15.9%	12.7%	+ 3.2 pp
<b>EBIT</b>	<b>1.5</b>	<b>1.5</b>	<b>1.3</b>	12.3%	<b>2.6</b>	-42.0%	<b>12.5</b>	<b>6.5</b>	90.6%
EBIT margin (%)	5.3%	5.1%	4.3%	+ 1.0 pp	8.5%	- 3.2 pp	9.7%	5.8%	+ 3.9 pp
<b>Net profit</b>	<b>-0.1</b>	<b>0.2</b>	<b>-0.5</b>	n.a.	<b>0.2</b>	n.a.	<b>3.7</b>	<b>1.8</b>	107.9%
Net margin (%)	-0.3%	0.7%	-1.5%	+ 1.2 pp	0.7%	- 1.0 pp	2.9%	1.6%	+ 1.3 pp
<b>EPS</b>	<b>-0.01</b>	<b>0.03</b>	<b>-0.06</b>	n.a.	<b>0.03</b>	n.a.	<b>0.45</b>	<b>0.22</b>	102.4%

Source: Company data; Hauck&Aufhäuser Institutional Research

## Financials

Profit and loss (EUR m)	2008	2009	2010	2011E	2012E	2013E	2014E
<b>Net sales</b>	<b>96.3</b>	<b>73.1</b>	<b>112.7</b>	<b>129.0</b>	<b>140.0</b>	<b>153.6</b>	<b>168.9</b>
<i>Sales growth</i>	9.3 %	-24.1 %	54.3 %	14.5 %	8.5 %	9.7 %	10.0 %
Increase/decrease in finished goods and work-in-process	4.4	-1.7	-0.1	1.5	0.0	0.0	0.0
<b>Total sales</b>	<b>100.6</b>	<b>71.4</b>	<b>112.6</b>	<b>130.5</b>	<b>140.0</b>	<b>153.6</b>	<b>168.9</b>
Other operating income	1.9	1.0	2.2	1.3	1.3	1.2	1.4
Material expenses	57.5	38.1	60.8	67.7	69.4	74.4	81.2
Personnel expenses	17.1	15.6	19.0	21.3	22.9	24.7	26.1
Other operating expenses	18.6	15.0	20.7	22.2	24.4	26.8	28.3
Total operating expenses	91.3	67.6	98.3	109.9	115.5	124.7	134.2
<b>EBITDA</b>	<b>9.3</b>	<b>3.7</b>	<b>14.3</b>	<b>20.6</b>	<b>24.4</b>	<b>28.9</b>	<b>34.7</b>
Depreciation	5.2	6.4	7.8	8.1	9.1	9.9	9.9
<b>EBITA</b>	<b>4.1</b>	<b>-2.7</b>	<b>6.5</b>	<b>12.5</b>	<b>15.3</b>	<b>19.1</b>	<b>24.9</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>4.1</b>	<b>-2.7</b>	<b>6.5</b>	<b>12.5</b>	<b>15.3</b>	<b>19.1</b>	<b>24.9</b>
Interest income	0.6	0.1	0.2	0.0	0.3	0.1	0.1
Interest expenses	3.7	4.4	5.3	6.3	5.5	4.5	3.8
Other financial result	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-3.1	-4.3	-5.1	-6.3	-5.2	-4.4	-3.7
<b>Recurring pretax income from continuing operations</b>	<b>1.0</b>	<b>-7.0</b>	<b>1.4</b>	<b>6.2</b>	<b>10.1</b>	<b>14.6</b>	<b>21.2</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>1.0</b>	<b>-7.0</b>	<b>1.4</b>	<b>6.2</b>	<b>10.1</b>	<b>14.6</b>	<b>21.2</b>
Taxes	1.2	-1.7	-0.7	1.9	3.0	4.4	6.3
<b>Net income from continuing operations</b>	<b>-0.2</b>	<b>-5.3</b>	<b>2.1</b>	<b>4.3</b>	<b>7.1</b>	<b>10.2</b>	<b>14.8</b>
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>-0.2</b>	<b>-5.3</b>	<b>2.1</b>	<b>4.3</b>	<b>7.1</b>	<b>10.2</b>	<b>14.8</b>
Minority interest	-1.3	-0.3	0.3	0.6	0.6	0.6	1.0
<b>Net income (net of minority interest)</b>	<b>1.1</b>	<b>-5.0</b>	<b>1.8</b>	<b>3.7</b>	<b>6.5</b>	<b>9.6</b>	<b>13.8</b>
Average number of shares	8.0	8.0	8.0	8.0	8.0	8.0	8.0
<b>EPS reported</b>	<b>0.14</b>	<b>-0.63</b>	<b>0.22</b>	<b>0.45</b>	<b>0.82</b>	<b>1.20</b>	<b>1.73</b>

Profit and loss (common size)	2008	2009	2010	2011E	2012E	2013E	2014E
<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	4.5 %	-2.3 %	0.0 %	1.2 %	0.0 %	0.0 %	0.0 %
<b>Total sales</b>	<b>104.5 %</b>	<b>97.7 %</b>	<b>100.0 %</b>	<b>101.2 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Other operating income	2.0 %	1.4 %	1.9 %	1.0 %	0.9 %	0.8 %	0.8 %
Material expenses	59.8 %	52.1 %	54.0 %	52.5 %	49.6 %	48.5 %	48.1 %
Personnel expenses	17.8 %	21.3 %	16.9 %	16.5 %	16.4 %	16.1 %	15.4 %
Other operating expenses	19.3 %	20.5 %	18.3 %	17.2 %	17.4 %	17.4 %	16.7 %
Total operating expenses	94.9 %	92.6 %	87.2 %	85.2 %	82.6 %	81.2 %	79.5 %
<b>EBITDA</b>	<b>9.7 %</b>	<b>5.1 %</b>	<b>12.7 %</b>	<b>15.9 %</b>	<b>17.4 %</b>	<b>18.8 %</b>	<b>20.5 %</b>
Depreciation	5.4 %	8.8 %	6.9 %	6.3 %	6.5 %	6.4 %	5.8 %
<b>EBITA</b>	<b>4.3 %</b>	<b>-3.7 %</b>	<b>5.8 %</b>	<b>9.7 %</b>	<b>11.0 %</b>	<b>12.4 %</b>	<b>14.7 %</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>4.3 %</b>	<b>-3.7 %</b>	<b>5.8 %</b>	<b>9.7 %</b>	<b>11.0 %</b>	<b>12.4 %</b>	<b>14.7 %</b>
Interest income	0.6 %	0.2 %	0.2 %	0.0 %	0.2 %	0.1 %	0.1 %
Interest expenses	3.8 %	6.1 %	4.7 %	4.9 %	3.9 %	3.0 %	2.3 %
Other financial result	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	-3.2 %	-5.9 %	-4.5 %	-4.9 %	-3.7 %	-2.9 %	-2.2 %
<b>Recurring pretax income from continuing operations</b>	<b>1.1 %</b>	<b>-9.6 %</b>	<b>1.3 %</b>	<b>4.8 %</b>	<b>7.2 %</b>	<b>9.5 %</b>	<b>12.5 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>1.1 %</b>	<b>-9.6 %</b>	<b>1.3 %</b>	<b>4.8 %</b>	<b>7.2 %</b>	<b>9.5 %</b>	<b>12.5 %</b>
Tax rate	118.3 %	24.2 %	-45.5 %	30.0 %	30.0 %	30.0 %	30.0 %
<b>Net income from continuing operations</b>	<b>-0.2 %</b>	<b>-7.3 %</b>	<b>1.9 %</b>	<b>3.4 %</b>	<b>5.1 %</b>	<b>6.7 %</b>	<b>8.8 %</b>
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net income</b>	<b>-0.2 %</b>	<b>-7.3 %</b>	<b>1.9 %</b>	<b>3.4 %</b>	<b>5.1 %</b>	<b>6.7 %</b>	<b>8.8 %</b>
Minority interest	-1.4 %	-0.4 %	0.3 %	0.5 %	0.4 %	0.4 %	0.6 %
<b>Net income (net of minority interest)</b>	<b>1.2 %</b>	<b>-6.9 %</b>	<b>1.6 %</b>	<b>2.9 %</b>	<b>4.7 %</b>	<b>6.2 %</b>	<b>8.2 %</b>

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2008	2009	2010	2011E	2012E	2013E	2014E
<b>Intangible assets</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>	<b>0.2</b>
Property, plant and equipment	96.9	108.5	109.0	115.9	121.9	120.0	118.2
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>FIXED ASSETS</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>	<b>118.4</b>
Inventories	28.4	19.2	21.4	24.5	26.6	29.2	32.1
Accounts receivable	1.3	0.5	1.6	1.8	2.0	2.2	2.4
Other current assets	3.2	3.0	3.5	3.5	3.5	0.0	0.0
Liquid assets	1.9	0.5	29.0	15.3	11.8	11.2	13.9
Deferred taxes	0.0	0.0	1.3	0.0	0.0	0.0	0.0
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>CURRENT ASSETS</b>	<b>34.9</b>	<b>23.1</b>	<b>56.8</b>	<b>45.2</b>	<b>43.9</b>	<b>42.5</b>	<b>48.4</b>
<b>TOTAL ASSETS</b>	<b>132.2</b>	<b>131.8</b>	<b>166.0</b>	<b>161.3</b>	<b>165.9</b>	<b>162.8</b>	<b>166.8</b>
SHAREHOLDERS EQUITY	49.0	44.9	46.0	46.2	57.3	66.4	96.9
MINORITY INTEREST	-4.0	-4.0	-4.0	-1.0	0.0	0.0	0.0
Long-term debt	34.6	53.4	73.6	64.5	55.9	48.7	35.0
Provisions for pensions and similar obligations	9.6	11.1	13.1	13.1	13.1	13.1	13.1
Other provisions	1.5	1.3	0.8	0.8	0.8	0.0	0.0
<b>Non-current liabilities</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>	<b>48.1</b>
short-term liabilities to banks	10.2	4.7	8.3	8.0	8.0	5.0	5.0
Accounts payable	9.5	6.1	11.2	12.9	14.0	15.3	16.9
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)	17.6	13.1	14.2	14.2	14.2	14.2	0.0
Deferred taxes	3.9	2.1	2.7	2.7	2.7	0.0	0.0
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>41.3</b>	<b>25.9</b>	<b>36.5</b>	<b>37.8</b>	<b>38.9</b>	<b>34.6</b>	<b>21.9</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>132.2</b>	<b>132.7</b>	<b>166.0</b>	<b>161.3</b>	<b>165.9</b>	<b>162.8</b>	<b>166.8</b>

Balance sheet (common size)	2008	2009	2010	2011E	2012E	2013E	2014E
<b>Intangible assets</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>	<b>0.1 %</b>
Property, plant and equipment	73.3 %	81.8 %	65.7 %	71.9 %	73.4 %	73.7 %	70.9 %
Financial assets	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>FIXED ASSETS</b>	<b>73.6 %</b>	<b>81.9 %</b>	<b>65.8 %</b>	<b>72.0 %</b>	<b>73.6 %</b>	<b>73.9 %</b>	<b>71.0 %</b>
Inventories	21.5 %	14.5 %	12.9 %	15.2 %	16.0 %	17.9 %	19.2 %
Accounts receivable	1.0 %	0.4 %	1.0 %	1.1 %	1.2 %	1.3 %	1.4 %
Other current assets	2.4 %	2.2 %	2.1 %	2.2 %	2.1 %	0.0 %	0.0 %
Liquid assets	1.5 %	0.4 %	17.4 %	9.5 %	7.1 %	6.9 %	8.3 %
Deferred taxes	0.0 %	0.0 %	0.8 %	0.0 %	0.0 %	0.0 %	0.0 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>CURRENT ASSETS</b>	<b>26.4 %</b>	<b>17.4 %</b>	<b>34.2 %</b>	<b>28.0 %</b>	<b>26.4 %</b>	<b>26.1 %</b>	<b>29.0 %</b>
<b>TOTAL ASSETS</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>	<b>100.0 %</b>
SHAREHOLDERS EQUITY	37.1 %	33.8 %	27.7 %	28.6 %	34.5 %	40.8 %	58.1 %
MINORITY INTEREST	-3.0 %	-3.0 %	-2.4 %	-0.6 %	0.0 %	0.0 %	0.0 %
Long-term debt	26.2 %	40.3 %	44.3 %	40.0 %	33.7 %	29.9 %	21.0 %
Provisions for pensions and similar obligations	7.3 %	8.4 %	7.9 %	8.1 %	7.9 %	8.0 %	7.8 %
Other provisions	1.2 %	1.0 %	0.5 %	0.5 %	0.5 %	0.0 %	0.0 %
<b>Non-current liabilities</b>	<b>34.7 %</b>	<b>49.6 %</b>	<b>52.7 %</b>	<b>48.6 %</b>	<b>42.0 %</b>	<b>37.9 %</b>	<b>28.8 %</b>
short-term liabilities to banks	7.7 %	3.6 %	5.0 %	5.0 %	4.8 %	3.1 %	3.0 %
Accounts payable	7.2 %	4.6 %	6.8 %	8.0 %	8.4 %	9.4 %	10.1 %
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)	13.3 %	9.8 %	8.6 %	8.8 %	8.6 %	8.8 %	0.0 %
Deferred taxes	3.0 %	1.6 %	1.6 %	1.7 %	1.6 %	0.0 %	0.0 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Current liabilities</b>	<b>31.2 %</b>	<b>19.6 %</b>	<b>22.0 %</b>	<b>23.5 %</b>	<b>23.5 %</b>	<b>21.2 %</b>	<b>13.1 %</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)	2008	2009	2010	2011E	2012E	2013E	2014E
Net profit/loss	-0.2	-5.3	2.1	4.3	7.1	10.2	14.8
Depreciation of fixed assets (incl. leases)	5.2	6.4	7.8	8.1	9.1	9.9	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	0.0	-0.9	-0.8	0.0	0.0	0.0	0.0
Cash flow from operations before changes in w/c	5.0	0.2	9.1	12.4	16.2	20.1	24.7
Increase/decrease in inventory	-10.6	9.2	-2.2	-3.1	-2.1	-2.6	-2.9
Increase/decrease in accounts receivable	1.5	1.4	-1.7	-0.2	-0.2	-0.2	-0.2
Increase/decrease in accounts payable	-1.9	-10.5	4.1	1.6	1.1	1.4	1.5
Increase/decrease in other working capital positions	6.5	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	-4.5	0.0	0.1	-1.7	-1.1	-1.4	-1.6
<b>Cash flow from operating activities</b>	<b>0.6</b>	<b>0.2</b>	<b>9.2</b>	<b>10.7</b>	<b>15.0</b>	<b>18.7</b>	<b>23.1</b>
CAPEX	21.5	20.4	7.5	15.0	10.0	8.0	5.0
Payments for acquisitions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	5.2	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from investing activities</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>	<b>-5.0</b>
Cash flow before financing	-15.8	-20.2	1.7	-4.3	5.0	10.7	18.1
Increase/decrease in debt position	9.9	18.8	28.7	-9.4	-8.6	-10.2	-13.7
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	0.0	0.0	0.0	0.0	1.1	1.6
Others	6.8	0.0	-2.0	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.1	0.0	0.0	0.0	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>15.9</b>	<b>18.8</b>	<b>26.7</b>	<b>-9.4</b>	<b>-8.6</b>	<b>-11.3</b>	<b>-15.3</b>
Increase/decrease in liquid assets	0.2	-1.4	28.4	-13.7	-3.6	-0.6	2.7
<b>Liquid assets at end of period</b>	<b>2.0</b>	<b>0.6</b>	<b>29.0</b>	<b>15.3</b>	<b>11.8</b>	<b>11.2</b>	<b>13.9</b>

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2008	2009	2010	2011E	2012E	2013E	2014E
Domestic	33.7	22.0	35.1	38.0	39.0	42.8	0.0
yoy change	19.5 %	-34.8 %	59.4 %	8.4 %	2.6 %	9.7 %	n/a
Rest of Europe	48.9	37.3	50.2	60.0	62.0	66.0	0.0
yoy change	0.7 %	-23.7 %	34.6 %	19.6 %	3.3 %	6.5 %	n/a
NAFTA	7.8	7.8	17.1	20.0	24.0	28.0	0.0
yoy change	26.0 %	0.6 %	119.5 %	16.8 %	20.0 %	16.7 %	n/a
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	5.9	6.0	10.4	14.5	17.2	20.6	0.0
yoy change	4.6 %	0.9 %	72.8 %	39.9 %	18.6 %	19.8 %	n/a
<b>TTL</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>	<b>0.0</b>
yoy change	8.7 %	-24.1 %	54.3 %	17.6 %	7.3 %	10.7 %	n/a

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2008	2009	2010	2011E	2012E	2013E	2014E
<b>P&amp;L growth analysis</b>							
Sales growth	9.3 %	-24.1 %	54.3 %	14.5 %	8.5 %	9.7 %	10.0 %
EBITDA growth	11.5 %	-59.9 %	283.5 %	43.6 %	18.8 %	18.4 %	20.1 %
EBIT growth	3.6 %	-165.6 %	-342.1 %	90.6 %	22.9 %	24.2 %	30.4 %
EPS growth	-52.9 %	-550.9 %	-135.5 %	102.4 %	81.5 %	46.7 %	44.1 %
<b>Efficiency</b>							
Total operating costs / sales	94.9 %	92.6 %	87.2 %	85.2 %	82.6 %	81.2 %	79.5 %
Sales per employee	285.7	210.5	312.2	335.1	354.3	379.2	417.1
EBITDA per employee	27.6	10.8	39.7	53.4	61.8	71.4	85.7
<b>Balance sheet analysis</b>							
Avg. working capital / sales	15.3 %	23.2 %	11.3 %	9.8 %	10.0 %	10.0 %	10.0 %
Inventory turnover (sales/inventory)	3.4	3.8	5.3	5.3	5.3	5.3	5.3
Trade debtors in days of sales	4.9	2.5	5.2	5.2	5.2	5.2	5.2
A/P turnover [(A/P*365)/sales]	36.0	30.3	36.4	36.4	36.4	36.4	36.4
Cash conversion cycle (days)	124.9	128.4	66.2	67.9	71.6	73.1	73.7
<b>Cash flow analysis</b>							
Free cash flow	-20.9	-20.2	1.7	-4.3	5.0	10.7	18.1
Free cash flow/sales	-21.7 %	-27.6 %	1.5 %	-3.3 %	3.6 %	6.9 %	10.7 %
FCF / net profit	-1882.6	402.6 %	97.5 %	-116.0 %	77.1 %	111.2 %	130.8 %
FCF yield	-31.3 %	-30.2 %	2.6 %	-6.4 %	7.5 %	16.0 %	27.0 %
Capex / deprec	413.9 %	316.8 %	96.5 %	185.5 %	110.1 %	81.2 %	50.7 %
Capex / maintenance capex	413.9 %	370.9 %	125.0 %	230.8 %	214.3 %	106.7 %	81.2 %
Capex / sales	22.3 %	27.9 %	6.7 %	11.6 %	n/a	n/a	n/a
<b>Security</b>							
Net debt	42.9	57.6	52.9	57.2	52.1	42.5	26.1
Net Debt/EBITDA	4.6	15.4	3.7	2.8	2.1	1.5	0.8
Net debt / equity	0.9	1.3	1.1	1.2	0.9	0.6	0.3
Interest cover	1.1	0.0	1.2	2.0	2.8	4.2	6.5
Dividend payout ratio	0.0 %	0.0 %	0.0 %	0.0 %	16.3 %	17.1 %	42.9 %
<b>Asset utilisation</b>							
Capital employed turnover	1.0	0.7	0.8	1.0	1.0	1.2	1.1
Operating assets turnover	0.8	0.6	0.9	1.0	1.0	1.1	1.2
Plant turnover	1.0	0.7	1.0	1.1	1.1	1.3	1.4
Inventory turnover (sales/inventory)	3.4	3.8	5.3	5.3	5.3	5.3	5.3
<b>Returns</b>							
ROCE	4.2 %	-2.5 %	5.3 %	9.3 %	11.5 %	14.2 %	17.6 %
ROE	2.3 %	-11.2 %	3.9 %	8.0 %	11.4 %	14.4 %	14.3 %
<b>Other</b>							
Interest paid / avg. debt	9.1 %	8.6 %	7.6 %	8.2 %	8.1 %	7.7 %	8.1 %
No. employees (average)	337	347	361	385	395	405	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	0.2	0.7
EPS reported	0.14	-0.63	0.22	0.45	0.82	1.20	1.73
<b>Valuation ratios</b>							
P/BV	1.4	1.5	1.5	1.4	1.2	1.0	0.7
EV/sales	1.2	1.9	1.2	1.1	0.9	0.8	0.6
EV/EBITDA	12.8	36.3	9.3	6.7	5.4	4.2	3.1
EV/EBITA	29.0	-50.1	20.3	11.0	8.6	6.4	4.3
EV/EBIT	29.0	-50.1	20.3	11.0	8.6	6.4	4.3
EV/FCF	-5.7	-6.7	76.6	-31.9	26.2	11.5	5.9
Dividend yield	0.0 %	0.0 %	0.0 %	0.0 %	1.6 %	2.4 %	8.9 %

Source: Company data, Hauck & Aufhäuser

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Company	Disclosure
Nabaltec AG	2, 5

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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 02/03/12**

**Initiation coverage**  
14-April-11



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<b>Buy</b>	76.32 %	50.00 %
<b>Sell</b>	6.58 %	0.00 %
<b>Hold</b>	17.11 %	50.00 %

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**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

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**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)

**Thomas Wissler**  
Analyst

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

**Tim Wunderlich, CFA**  
Analyst

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

**Torben Teichler**  
Analyst

Tel.: +49 (0)40 414 3885 - 74  
E-Mail: [torben.teichler@ha-research.de](mailto:torben.teichler@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)

**Hamish Edsell**  
Sales

Tel.: +44 207 763 7180  
E-Mail: [hamish.edsell@ha-research.de](mailto:hamish.edsell@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)