

Equities - Germany

March 2, 2012

Rating:	Buy
Risk:	Medium
Current Price:	EUR 8.60
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 13.039- 6.1
Market Capitalisation:	EUR 63.8m
Shares Outstanding:	8.0m
Free Float:	38%

Price Graph



Financial Calendar

April 30, 2012	Annual Report 2011
May 29, 2012	Q1 2011

Date and Time of Prices
March 2, 2012 10:00 (CET)

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

Nabaltec AG

Satisfying interim 2011 results

Nabaltec AG has reported the interim results for fiscal year 2011. On the sales side they came in as expected. On the earnings side we have been positively surprised.

In 2011 total sales gained 14.5% to EUR 129m. In particular the segment "Technical Ceramics" showed strong growth rates. In this sector sales growth was a very strong 20.1% (2011: EUR 44.2m) compared to last year. The far bigger segment "Functional Fillers" grew by 11.7% to EUR 84.8m. Performing still strong was the former "problem child" - the US daughter Nashtec -, were a sales growth of 19% could be achieved compared to last year.

Very good was the development on the earnings side. Operative earnings surprised with a strong EUR 12.5m, which resulted in an operating profit margin of very good 9.7%. We have calculated with 8.4%. EBT was with EUR 6.2m strong too. We have expected EUR 5.34m. Earnings per share have reached EUR 0.45, so the management.

All in all it was again a very satisfying year, particularly taking into account, that demand has been weakening towards the end of 2011.

2012 starts positive, so the management

By the end of 2011 the management of Nabaltec AG was still uncertain about 2012 growth rates and was even expecting a slow-down. Now, they are much more up beat. Nabaltec AG is experiencing a macro economic crisis very early, due to its high dependency on the global economy. But this does not seem to be currently the case, at least in the first quarter 2012. As expected by us, demand out of South East Asia and India is still very strong: especially in the "Functional Fillers" segment. But it seems like orders coming from other regions are quite good too.

The "Additive" segment is still somehow having some difficulties. The test phases seem to take longer than hoped. But we are looking for first successes in fiscal year 2012.

For fiscal year 2012 we expect total sales of EUR 135.3m (+5% compared to last year). EBIT 2012 should be EUR 11.2m, which is equal to an EBIT margins of 8.3%. This could finally be too conservative, if the worldwide economy stays strong.

On the investment side we expect mainly replacement investments.

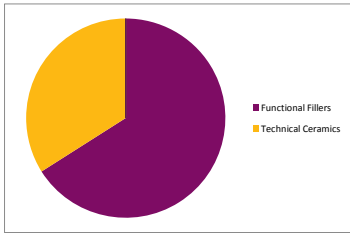
Price target: EUR 13.0

After a difficult second half 2011, the stock has regained in strength, but 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 (2011)



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	2011E	2012E	2013E		2010	2011E	2012E	2013E
in EUR tsd.						in EUR tsd.				
Total Sales	72,381	112,645	128,835	135,277	142,041	Profit		4,526	4,472	5,073
Changes in %		56%	14%	5.0%	5.0%	Depreciation		7,269	7,784	7,932
EBITDA	3,733	14,324	18,973	18,973	19,921	Changes in Working Capital		2,559	2,436	2,201
in % of Total Sales	5.2%	12.7%	14.0%	14.0%	14.0%	Operative Cash Flow		14,354	14,693	15,206
EBIT	-2,708	6,548	12,500	11,189	11,989	Investments		-15,000	-10,000	-10,000
in % of Total Sales	n.m.	5.8%	9.7%	8.3%	8.4%	Financial Activities		0	-1,980	0
Net Profit	-5,365	2,091	4,526	4,472	5,073	Free Cash Flow		-646	2,712	5,206
in % of Total Sales	n.m.	1.9%	3.5%	3.3%	3.6%					
Minorities	-318	312	900	800	800	Net Cash		-646	2,712	5,206
Shareholders of the Parent Company	-5,047	1,779	3,626	3,672	4,273	Cash at the beginning of the Year		18,957	18,311	21,023
Shares Outst. (in tsd.)	8,000	8,000	8,000	8,000	8,000	Cash at the end of the Year	18,957	18,311	21,023	26,230
EPS (reported)	-0.63	0.22	0.45	0.46	0.53					
Balance Sheet					Key Ratios					
in EUR tsd.										
Long-term Assets	108,702	110,559	118,290	120,506	122,574	P/E		15.38	13.56	
Inventories	19,213	21,415	20,905	21,950	23,048	P/Sales		0.51	0.48	
Trade Debtors	3,399	15,067	13,874	12,752	11,754	P/B		1.47	1.35	
Cash	497	18,957	18,311	21,023	26,230	Dividend Yield		0.00	0.00	
Share Capital	40,043	42,137	46,663	51,135	56,208	Equity Ratio		29%	31%	
Provisions	11,946	13,407	14,712	16,148	17,728	Tax Rate		25%	25%	
Liabilities	79,822	110,454	110,005	108,948	109,670					

Source: Nabaltec AG, VEM Aktienbank

SWOT Analyse

Strengths	Weaknesses
<p>Oligopolistic competitive environment and high barriers of entry make price increases possible</p> <p>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</p> <p>Excellent product characteristics lead to client trust and should result in market share gains.</p>	<p>Pronounced dependence on raw materials make the operative performance dependent on the price development of these materials</p> <p>Until now the company has achieved below average margins and has to pay high interests due to the high debt level</p>
Opportunities	Risks
<p>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</p> <p>Ongoing investments in research and development allow the discovery of new innovative products and applications</p> <p>Until now the company has a low presence in Asia. We expect strong growth out of this region</p>	<p>The new additive ACTILOX CAHC is not yet market approved and might not achieve the sales targets</p> <p>The business model is dependent on the economic outlook</p>

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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

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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 %.

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: March 2, 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.