

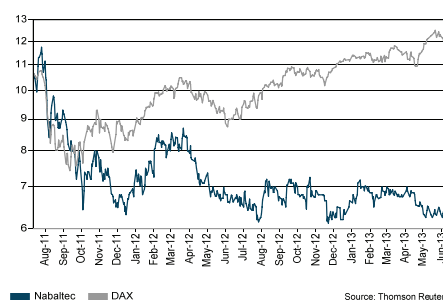
Small & Mid Caps

Nabaltec

White powders for a better world

Buy	(Initiation of Coverage)
Closing price as of 12-Jun-13	EUR 6.46
High/Low (12M)	7.25/6.12
Target price	EUR 10.00 (prev. EUR -)
Upside to target price (%)	54.8
Cost of equity (%)	8.0
Reuters/Bloomberg	NTGG.DE/NTG GY
Average daily volume (tsd.)	3.5
Free float (%)	38.2
Market capitalization (EUR mn)	52
No. of shares issued (mn)	8.0
Events	Annual general meeting 20-Jun-2013 1H/2Q 27-Aug-2013
Shareholders	Heckmann family 31.95%, Witzany family 29.87%
CORE INVESTMENT THESIS	POTENTIAL NEAR TERM CATALYSTS
Nabaltec is a leading supplier of functional fillers for the plastics industry and provides raw materials for the technical ceramics industries.	Annual general meeting 20 June 2013 2Q13 quarterly results release 27 August 2013 Electronic and steel industries forecasts

PRICE RELATIVE TO INDEX



Performance (%)	1M	3M	6M
Absolute	-0.6	-5.3	-0.3
rel. DAX	1.0	-7.5	-7.2
rel. EURO STOXX 50	3.7	-3.6	-1.7
rel. SXXP Chemicals	2.1	-4.3	-3.6

- **We initiate coverage of Nabaltec with a target price of EUR 10 and Buy rating.** The company is a leading supplier of functional fillers for the plastics industry and provides raw materials for the technical ceramics industries.
- **The approximately 50% upside to our target price and valuation multiples reflect an attractive valuation of the stock.** Nabaltec's stock price has not yet fully recovered after the ill-fated Nashtec start-up and the post-Lehman financial crisis in 2008/09 although these problems have been solved. The company's valuation seems not yet to factor in past year's capacity additions and the upcoming recovery of operations. Based on our 2014E estimates, the stock is currently trading at 9.1x P/E, 5.0x EV/EBITDA and 0.9x price/book.
- **Demand for environmentally compatible plastic functional fillers will increase, driving top line and margins.** The increasing perception of bioaccumulating or simply hazardous and toxic ingredients (especially in plastics) drives demand for Nabaltec's environmentally friendly flame retardants, while the expansion into CAHC-based additives business is a smart move (very similar raw material base) and probably marks the start in new business fields. Meanwhile demand for raw materials produced by Technical Ceramics is largely driven by the steel industry.

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	2011	2012	2013E	2014E	2015E
Sales (EUR mn)	129.0	129.2	136.1	144.4	155.1
EBITDA (EUR mn)	20.4	18.8	20.1	23.3	26.9
EBIT reported (EUR mn)	12.3	10.0	10.9	13.8	17.0
EBIT adjusted (EUR mn)	12.3	10.0	10.9	13.8	17.0
Net income (EUR mn)	3.5	2.1	3.2	5.7	8.7
EPS reported (EUR)	0.44	0.26	0.40	0.71	1.09
EPS adjusted (EUR)	0.44	0.26	0.40	0.71	1.09
DPS (EUR)	0.00	0.00	0.15	0.20	0.25
P/E adjusted (x)	19.6	27.5	16.3	9.1	5.9
P/BV (x)	1.5	1.2	1.0	0.9	0.8
EV/Sales (x)	1.0	1.0	0.9	0.8	0.7
EV/EBITDA (x)	6.6	6.8	6.0	5.0	4.0
EV/EBIT (x)	10.9	12.7	11.1	8.4	6.4
ROCE (%)	6.7	5.5	6.0	7.5	9.1
Net debt/EBITDA (x)	2.7	2.9	2.6	1.9	1.3

Source: Company data, Baader Bank AG Equity Research