

Nabaltec

Germany - Chemicals/ Specialty Chemicals



HAUCK & AUFHÄUSER
INSTITUTIONAL RESEARCH AG

Buy (old: Buy)

Price target: EUR 15.00 (old: EUR 10.70)

Price: EUR 8.05 **Next result:** Q3 26.11.13
Bloomberg: NTG GR **Market cap:** EUR 64.4 m
Reuters: NTGG.DE **Enterprise Value:** EUR 129.2 m

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Valuation is rolled to '14E, new PT indicating substantial upside despite lower est. due to slower ramp up of new products

Positive economic indicators, statements from the management and the ongoing substitution of hazardous & toxic brominated flame retardants suggest that **Nabaltec remains on track to achieve its targets in 2013** (mid single digit growth in sales). Moreover, H2 '13 **should show a strong yoy performance** against a low base with the bottom-line boosted by a high operational and financial leverage while EPS should get a boost from the de-leveraging/lower interest expenses (see next page).

Nabaltec is the market leader in ATH (aluminium trihydroxide) based flame retardants (2/3rd of group sales) which is the most commonly used environmental friendly flame retardant in particular in cable insulations. In this oligopolistic market main competitors include Albemarle/Martinswerke (GER), US based Huber (acquired the old plant of Almatris) and tumbling Hungarian based M.A.L. which went under governmental ownership after an environmental accident in 2010 explaining € 1bn in liabilities. Only recently **M.A.L., which used to act price aggressively, had to shut down its mine** and discontinue the refining of bauxite - forcing M.A.L. to start sourcing the raw material in the market. This should **add to price stability**.

The market is seen to grow by 6% p.a. until 2016 and all major cable producers have put a strategic focus on halogen free flame retardants (e.g. pages 83/104 of Leoni's annual report) driven by tighter regulation and increasing environmental awareness. In fact OEMs have set up phase out plans for toxic flame retardants. Moreover, Nabaltec has launched innovations, e.g. a stabiliser to replace lead in PVC (e.g. window frames), and a boehmite used as flame retardant on PCBs or in separations foils in lithium ion batteries to prevent heating. While the potential for these products (€ 30m sales capacity) remains high we **trim our estimates to reflect a slower take up and now include only € 12m in sales by 2015E** (old € 18m).

Still, **visibility has improved and valuation is rolled to '14E on more conservative estimates** to reflect part of the growth (overall capacities are good for € 180m in sales) and the de-leverage potential. **This yields a new PT of € 15.00** (old € 10.70) implying an EV/EBIT '14E of 10x (see next page). Even a slight re-rating of the EV multiples should have a strong disproportionate effect on the market cap given the financial leverage. **Remains a BUY.** *-continued-*

Y/E 31.12 (EUR m)	2009	2010	2011	2012	2013E	2014E	2015E
Sales	73.1	112.7	129.0	129.2	138.5	149.8	161.8
Sales growth	-24 %	54 %	14 %	0 %	7 %	8 %	8 %
EBITDA	3.7	14.3	20.6	18.8	22.3	26.1	29.3
EBIT	-2.7	6.5	12.5	10.0	13.4	17.1	20.3
Net income	-5.0	1.8	3.6	2.1	5.2	8.0	10.4
Net debt	57.6	52.9	60.7	55.2	46.9	39.3	30.6
Net gearing	128.4 %	115.0 %	121.4 %	111.7 %	86.3 %	63.0 %	43.0 %
Net Debt/EBITDA	15.4	3.7	2.9	2.9	2.1	1.5	1.0
EPS pro forma	-0.63	0.22	0.45	0.26	0.64	1.00	1.30
CPS	0.02	0.40	0.27	1.31	1.12	1.14	1.43
DPS	0.00	0.00	0.00	0.00	0.12	0.22	0.36
Dividend yield	0.0 %	0.0 %	0.0 %	0.0 %	1.5 %	2.8 %	4.5 %
Gross profit margin	45.6 %	46.0 %	48.8 %	48.0 %	49.3 %	49.6 %	49.8 %
EBITDA margin	5.1 %	12.7 %	15.9 %	14.6 %	16.1 %	17.4 %	18.1 %
EBIT margin	-3.7 %	5.8 %	9.7 %	7.8 %	9.6 %	11.4 %	12.6 %
ROCE	-2.5 %	5.3 %	9.1 %	7.3 %	10.1 %	13.2 %	15.5 %
EV/sales	1.8	1.2	1.1	1.1	0.9	0.8	0.7
EV/EBITDA	35.6	9.1	6.7	7.3	5.8	4.7	3.9
EV/EBIT	-49.2	19.9	11.1	13.7	9.7	7.1	5.6
PER	-12.9	36.2	17.7	31.3	12.5	8.1	6.2
Adjusted FCF yield	0.2 %	6.6 %	8.3 %	7.5 %	9.3 %	11.4 %	13.6 %

Source: Company data, Hauck & Aufhäuser Close price as of: 25.09.2013



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks: 8.20 / 6.12
Price/Book Ratio: 1.2
Relative performance (SDAX):
 3 months 7.2 %
 6 months 10.0 %
 12 months -11.6 %

Changes in estimates

		Sales	EBIT	EPS
2013	old:	138.5	13.3	0.64
	Δ	-	-	-
2014	old:	152.1	17.9	1.07
	Δ	-1.5%	-4.4%	-6.5%
2015	old:	167.4	21.6	1.41
	Δ	-3.3%	-6.2%	-8.3%

Key share data:

Number of shares: (in m pcs) 8.0
 Authorised capital: (in € m) 4.0
 Book value per share: (in €) 6.8
 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.

Implied growth in H2 2013

(€m)	implied H2'13E	H2'12	yoy	avg quarter '12	avg quarter H2 '13
Sales	69.7	61.0	14.3%	32.3	34.9
EBITDA	11.9	7.8	52.6%	4.7	6.0
EBITDA margin	17.1%	12.8%		14.6%	17.1%
EBIT	7.5	3.3	128.1%	2.5	3.8
EBIT margin	10.8%	5.4%		7.8%	10.8%
Net income	3.0	0.0		0.5	1.5

Source: Hauck&Aufhäuser

Valuation

Note: According to management maintenance capex are below € 5m also considering that the company expenses c. € 5m repair and maintenance services in the P&L while the installations can be used much longer than the D&A period suggests. The high level of D&A is due to the massive capex cycle Nabaltec went through between '05-'12 investing > € 140m. Hence, our assumption of € 7.5m in maintenance capex in '14E is conservative.

FCF yield, year end Dec. 31	2011	2012	2013E	2014E	2015E
EBITDA	20.6	18.8	22.3	26.1	29.3
- Maintenance capex	6.0	6.5	7.0	7.5	8.0
- Minorities (EBIT)	0.8	1.1	1.2	1.6	2.0
- tax expenses	1.6	1.1	2.4	3.8	5.0
= Adjusted Free Cash Flow	12.1	10.1	11.8	13.2	14.3
Actual Market Cap	64.4	64.4	64.4	64.4	64.4
+ Net debt (cash)	60.7	55.2	46.9	39.3	30.6
+ Pension provisions	13.7	17.8	17.8	17.8	17.8
- Dividend payment	0.0	0.0	0.0	-1.0	-1.8
EV Reconciliations	74.4	73.1	64.8	56.1	46.7
= Actual EV'	138.8	137.5	129.2	120.5	111.1
Adjusted Free Cash Flow yield	8.7%	7.3%	9.1%	11.0%	12.9%
Sales	129.0	129.2	138.5	149.8	161.8
Actual EV/sales	1.1x	1.1x	0.9x	0.8x	0.7x
Hurdle rate	7.5%	7.5%	7.5%	7.5%	7.5%
FCF margin	9.4%	7.8%	8.5%	8.8%	8.9%
Fair EV/sales	1.3x	1.0x	1.1x	1.2x	1.2x
Fair EV	161.4	134.5	156.9	176.3	191.1
- EV Reconciliations	74.4	73.1	64.8	56.1	46.7
Fair Market Cap	87.0	61.4	92.1	120.2	144.4
No. of shares (million)	8.0	8.0	8.0	8.0	8.0
Fair value per share	10.9	7.7	11.5	15.0	18.1
Premium (-) / discount (+) in %	35.1%	-4.6%	43.1%	86.7%	124.2%

Source: Hauck&Aufhäuser

Note: A peer group is difficult to find given the niche status of Nabaltec's market. We chose refractory producer RHI AG (Austria), special chemical company Albemarle (US) and steel related chemical company SKW AG (Germany). Importantly, Nabaltec's EBIT is biased by high D&A explaining 6.5% of '13E sales. This compares with 3.5% at RHI and only 2.5% at SKW. Interestingly, even a small re-rating of the EV multiple would have a significant impact on the share price due to the high leverage the company is carrying. Valuing Nabaltec on 7.7x EV/EBITDA '14E would imply a share price of € 18.10.

Nabaltec AG	FX	Price	MC (€m)	EPS CAGR 12-15E	EBITDA margin 13E	Dividend yield 13E
RHI AG	(EUR)	24.4	972	5%	15.3%	3.4%
ALBEMARLE CORPORATION	(USD)	62.5	5,067	4%	22.5%	1.5%
SKW STAHL-METAL.HLDG.N	(EUR)	10.9	72	20%	5.1%	2.7%
Nabaltec AG	(EUR)	8.0	64	71%	16.1%	0.0%

Nabaltec AG	EV/Sales 13E (x)	EV/Sales 14E (x)	EV/Sales 15E (x)	EV/EBITDA 13E (x)	EV/EBITDA 14E (x)	EV/EBITDA 15E (x)	EV/EBIT 13E (x)	EV/EBIT 14E (x)	EV/EBIT 15E (x)
RHI AG	1.0	1.0	1.0	6.8	7.3	6.9	10.5	9.9	9.4
ALBEMARLE CORPORATION	2.1	2.0	1.9	9.3	8.3	7.9	11.4	10.0	9.4
SKW STAHL-METAL.HLDG.N	0.5	0.5	0.4	9.2	7.6	7.0	24.9	13.4	12.5
Nabaltec AG	1.0	0.9	0.8	5.8	4.7	3.9	9.7	7.1	5.6
Average (peer group)	1.2	1.1	1.1	8.4	7.7	7.3	15.6	11.1	10.4
Premium*/discount- in (%)	-17%	-20%	-23%	-31%	-40%	-47%	-38%	-36%	-47%

Source: H&A estimates, CapitalIQ, company filings

Implied FV	EV/EBITDA 13E (x)	EV/EBITDA 14E (x)	EV/EBITDA 15E (x)	EV/EBIT 13E (x)	EV/EBIT 14E (x)	EV/EBIT 15E (x)
Fair EV	188.4	202.2	212.5	208.7	190.5	211.6
Net debt	46.9	39.3	30.6	46.9	39.3	30.6
Pensions	17.8	17.8	17.8	17.8	17.8	17.8
Market Cap	123.7	145.1	164.0	143.9	133.4	163.1
Nosh	8.0	8.0	8.0	8.0	8.0	8.0
implied FV	15.5	18.1	20.5	18.0	16.7	20.4

Source: H&A estimates

Financials

Profit and loss (EUR m)	2009	2010	2011	2012	2013E	2014E	2015E
Net sales	73.1	112.7	129.0	129.2	138.5	149.8	161.8
<i>Sales growth</i>	-24.1 %	54.3 %	14.5 %	0.1 %	7.2 %	8.2 %	8.0 %
Increase/decrease in finished goods and work-in-process	-1.7	-0.1	3.7	0.1	0.0	0.0	0.0
Total sales	71.4	112.6	132.8	129.4	138.5	149.8	161.8
Other operating income	1.0	2.2	1.4	1.7	1.2	1.3	1.3
Material expenses	38.1	60.8	69.8	67.3	70.2	75.5	81.2
Personnel expenses	15.6	19.0	21.0	21.8	23.0	23.8	25.1
Other operating expenses	15.0	20.7	22.9	23.2	24.3	25.8	27.5
Total operating expenses	67.6	98.3	112.2	110.5	116.2	123.7	132.5
EBITDA	3.7	14.3	20.6	18.8	22.3	26.1	29.3
Depreciation	6.4	7.8	8.0	8.8	9.0	9.0	9.0
EBITA	-2.7	6.5	12.5	10.0	13.4	17.1	20.3
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
EBIT	-2.7	6.5	12.5	10.0	13.4	17.1	20.3
Interest income	0.1	0.2	0.6	0.4	0.1	0.1	0.1
Interest expenses	4.4	5.3	6.9	6.3	5.0	4.4	3.9
Other financial result	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-4.3	-5.1	-6.4	-5.9	-4.9	-4.3	-3.8
Recurring pretax income from continuing operations	-7.0	1.4	6.2	4.1	8.5	12.8	16.5
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	-7.0	1.4	6.2	4.1	8.5	12.8	16.5
Taxes	-1.7	-0.7	1.6	1.1	2.4	3.8	5.0
Net income from continuing operations	-5.3	2.1	4.5	3.0	6.1	9.0	11.6
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	-5.3	2.1	4.5	3.0	6.1	9.0	11.6
Minority interest	-0.3	0.3	0.9	1.0	1.0	1.0	1.2
Net income (net of minority interest)	-5.0	1.8	3.6	2.1	5.2	8.0	10.4
Average number of shares	8.0	8.0	8.0	8.0	8.0	8.0	8.0
EPS reported	-0.63	0.22	0.44	0.26	0.64	1.00	1.30

Profit and loss (common size)	2009	2010	2011	2012	2013E	2014E	2015E
Net sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Increase/decrease in finished goods and work-in-process	-2.3 %	0.0 %	2.9 %	0.1 %	0.0 %	0.0 %	0.0 %
Total sales	97.7 %	100.0 %	102.9 %	100.1 %	100.0 %	100.0 %	100.0 %
Other operating income	1.4 %	1.9 %	1.1 %	1.3 %	0.9 %	0.9 %	0.8 %
Material expenses	52.1 %	54.0 %	54.1 %	52.1 %	50.7 %	50.4 %	50.2 %
Personnel expenses	21.3 %	16.9 %	16.3 %	16.8 %	16.6 %	15.9 %	15.5 %
Other operating expenses	20.5 %	18.3 %	17.7 %	17.9 %	17.5 %	17.2 %	17.0 %
Total operating expenses	92.6 %	87.2 %	87.0 %	85.5 %	83.9 %	82.6 %	81.9 %
EBITDA	5.1 %	12.7 %	15.9 %	14.6 %	16.1 %	17.4 %	18.1 %
Depreciation	8.8 %	6.9 %	6.2 %	6.8 %	6.5 %	6.0 %	5.5 %
EBITA	-3.7 %	5.8 %	9.7 %	7.8 %	9.6 %	11.4 %	12.6 %
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 %
EBIT	-3.7 %	5.8 %	9.7 %	7.8 %	9.6 %	11.4 %	12.6 %
Interest income	0.2 %	0.2 %	0.4 %	0.3 %	0.1 %	0.1 %	0.1 %
Interest expenses	6.1 %	4.7 %	5.4 %	4.9 %	3.6 %	3.0 %	2.4 %
Other financial result	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	-5.9 %	-4.5 %	-4.9 %	-4.6 %	-3.5 %	-2.9 %	-2.3 %
Recurring pretax income from continuing operations	-9.6 %	1.3 %	4.8 %	3.2 %	6.1 %	8.5 %	10.2 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Earnings before taxes	-9.6 %	1.3 %	4.8 %	3.2 %	6.1 %	8.5 %	10.2 %
Tax rate	24.2 %	-45.5 %	26.7 %	26.8 %	28.0 %	30.0 %	30.0 %
Net income from continuing operations	-7.3 %	1.9 %	3.5 %	2.3 %	4.4 %	6.0 %	7.2 %
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	-7.3 %	1.9 %	3.5 %	2.3 %	4.4 %	6.0 %	7.2 %
Minority interest	-0.4 %	0.3 %	0.7 %	0.7 %	0.7 %	0.7 %	0.7 %
Net income (net of minority interest)	-6.9 %	1.6 %	2.8 %	1.6 %	3.7 %	5.3 %	6.4 %

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2009	2010	2011	2012	2013E	2014E	2015E
Intangible assets	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Property, plant and equipment	108.5	109.0	116.4	116.0	115.0	114.0	113.0
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FIXED ASSETS	108.7	109.2	116.6	116.2	115.2	114.3	113.3
Inventories	19.2	21.4	26.3	23.6	24.3	26.3	28.4
Accounts receivable	0.5	1.6	2.2	3.4	3.2	3.5	3.8
Other current assets	3.0	3.5	2.9	3.4	0.0	0.0	0.0
Liquid assets	0.5	29.0	16.3	14.3	10.2	10.7	12.4
Deferred taxes	0.0	1.3	0.9	0.6	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
CURRENT ASSETS	23.1	56.8	48.8	45.3	37.8	40.5	44.5
TOTAL ASSETS	131.8	166.0	165.4	161.5	153.0	154.8	157.8
SHAREHOLDERS EQUITY	44.9	46.0	50.0	49.4	54.4	62.4	71.1
MINORITY INTEREST	-4.0	-4.0	-3.1	-2.0	0.0	0.0	0.0
Long-term debt	53.4	73.6	68.9	59.9	49.2	42.0	35.0
Provisions for pensions and similar obligations	11.1	13.1	13.7	17.8	17.8	17.8	17.8
Other provisions	1.3	0.8	0.7	1.3	0.0	0.0	0.0
Non-current liabilities	65.8	87.4	83.3	79.0	67.0	59.8	52.8
short-term liabilities to banks	4.7	8.3	8.1	9.7	8.0	8.0	8.0
Accounts payable	6.1	11.2	10.0	10.4	11.8	12.7	14.0
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)	13.1	14.2	13.2	11.9	11.9	11.9	11.9
Deferred taxes	2.1	2.7	3.8	3.1	0.0	0.0	0.0
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	25.9	36.5	35.2	35.0	31.6	32.6	33.9
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	132.7	166.0	165.4	161.5	153.0	154.8	157.8

Balance sheet (common size)	2009	2010	2011	2012	2013E	2014E	2015E
Intangible assets	0.2 %	0.1 %	0.1 %	0.1 %	0.2 %	0.1 %	0.1 %
Property, plant and equipment	81.8 %	65.7 %	70.4 %	71.8 %	75.2 %	73.7 %	71.6 %
Financial assets	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
FIXED ASSETS	81.9 %	65.8 %	70.5 %	72.0 %	75.3 %	73.8 %	71.8 %
Inventories	14.5 %	12.9 %	15.9 %	14.6 %	15.9 %	17.0 %	18.0 %
Accounts receivable	0.4 %	1.0 %	1.4 %	2.1 %	2.1 %	2.3 %	2.4 %
Other current assets	2.2 %	2.1 %	1.8 %	2.1 %	0.0 %	0.0 %	0.0 %
Liquid assets	0.4 %	17.4 %	9.9 %	8.9 %	6.7 %	6.9 %	7.9 %
Deferred taxes	0.0 %	0.8 %	0.6 %	0.3 %	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 %
CURRENT ASSETS	17.4 %	34.2 %	29.5 %	28.0 %	24.7 %	26.2 %	28.2 %
TOTAL ASSETS	99.4 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
SHAREHOLDERS EQUITY	33.8 %	27.7 %	30.2 %	30.6 %	35.5 %	40.3 %	45.1 %
MINORITY INTEREST	-3.0 %	-2.4 %	-1.9 %	-1.2 %	0.0 %	0.0 %	0.0 %
Long-term debt	40.3 %	44.3 %	41.7 %	37.1 %	32.1 %	27.1 %	22.2 %
Provisions for pensions and similar obligations	8.4 %	7.9 %	8.3 %	11.0 %	11.7 %	11.5 %	11.3 %
Other provisions	1.0 %	0.5 %	0.4 %	0.8 %	0.0 %	0.0 %	0.0 %
Non-current liabilities	49.6 %	52.7 %	50.4 %	48.9 %	43.8 %	38.7 %	33.5 %
short-term liabilities to banks	3.6 %	5.0 %	4.9 %	6.0 %	5.2 %	5.2 %	5.1 %
Accounts payable	4.6 %	6.8 %	6.1 %	6.4 %	7.7 %	8.2 %	8.9 %
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)	9.8 %	8.6 %	8.0 %	7.3 %	7.7 %	7.7 %	7.5 %
Deferred taxes	1.6 %	1.6 %	2.3 %	1.9 %	0.0 %	0.0 %	0.0 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Current liabilities	19.6 %	22.0 %	21.3 %	21.7 %	20.7 %	21.1 %	21.4 %
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Source: Company data, Hauck & Aufhäuser

Cash flow statement (EUR m)	2009	2010	2011	2012	2013E	2014E	2015E
Net profit/loss	-5.3	2.1	4.5	3.0	6.1	9.0	11.6
Depreciation of fixed assets (incl. leases)	6.4	7.8	8.0	8.8	9.0	9.0	9.0
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	-0.9	-0.8	2.8	2.5	0.0	0.0	0.0
Cash flow from operations before changes in w/c	0.2	9.1	15.4	14.3	15.1	17.9	20.6
Increase/decrease in inventory	9.2	-2.2	-4.9	2.7	-0.7	-2.0	-2.1
Increase/decrease in accounts receivable	1.4	-1.7	-0.6	-1.6	0.2	-0.3	-0.3
Increase/decrease in accounts payable	-10.5	4.1	-1.2	1.6	1.4	1.0	1.3
Increase/decrease in other working capital positions	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	0.0	0.1	-6.8	2.7	0.8	-1.3	-1.1
Cash flow from operating activities	0.2	9.2	8.6	17.0	15.9	16.7	19.5
CAPEX	20.4	7.5	15.4	10.6	8.0	8.0	9.0
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	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	-20.4	-7.5	-15.4	-10.6	-8.0	-8.0	-9.0
Cash flow before financing	-20.2	1.7	-6.8	6.4	7.9	8.7	10.5
Increase/decrease in debt position	18.8	28.7	-5.6	-8.4	-12.4	-7.2	-7.0
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	0.0	0.0	0.0	0.0	0.0	1.0	1.8
Others	0.0	-2.0	0.0	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from financing activities	18.8	26.7	-5.6	-8.4	-12.4	-8.2	-8.8
Increase/decrease in liquid assets	-1.4	28.4	-12.4	-2.0	-4.4	0.5	1.7
Liquid assets at end of period	0.6	29.0	16.7	14.7	10.2	10.7	12.4

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2009	2010	2011	2012	2013E	2014E	2015E
Domestic	22.0	35.1	40.7	40.0	42.0	45.0	49.0
yoy change	-34.8 %	59.4 %	16.2 %	-1.7 %	4.9 %	7.1 %	8.9 %
Rest of Europe	37.3	50.2	58.3	59.9	63.0	68.0	73.0
yoy change	-23.7 %	34.6 %	16.2 %	2.7 %	5.2 %	7.9 %	7.4 %
NAFTA	7.8	17.1	16.8	14.8	16.5	19.0	21.0
yoy change	0.6 %	119.5 %	-2.1 %	-11.9 %	11.7 %	15.2 %	10.5 %
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	6.0	10.4	13.3	14.4	17.0	17.8	18.8
yoy change	0.9 %	72.8 %	27.8 %	8.9 %	17.8 %	5.0 %	5.5 %
TTL	73.1	112.7	129.0	129.1	138.5	149.8	161.8
yoy change	-24.1 %	54.3 %	14.5 %	0.1 %	7.3 %	8.2 %	8.0 %

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2009	2010	2011	2012	2013E	2014E	2015E
P&L growth analysis							
Sales growth	-24.1 %	54.3 %	14.5 %	0.1 %	7.2 %	8.2 %	8.0 %
EBITDA growth	-59.9 %	283.5 %	43.6 %	-8.5 %	18.6 %	16.9 %	12.2 %
EBIT growth	-165.6 %	-342.1 %	91.3 %	-20.0 %	33.3 %	28.3 %	18.5 %
EPS growth	-550.9 %	-135.5 %	97.9 %	-41.5 %	150.5 %	54.4 %	30.3 %
Efficiency							
Total operating costs / sales	92.6 %	87.2 %	87.0 %	85.5 %	83.9 %	82.6 %	81.9 %
Sales per employee	210.5	312.2	328.3	317.5	324.4	350.9	394.7
EBITDA per employee	10.8	39.7	52.3	46.3	52.3	61.2	71.4
Balance sheet analysis							
Avg. working capital / sales	23.2 %	11.3 %	11.7 %	13.6 %	11.7 %	10.9 %	10.9 %
Inventory turnover (sales/inventory)	3.8	5.3	4.9	5.5	5.7	5.7	5.7
Trade debtors in days of sales	2.5	5.2	6.4	9.6	8.5	8.5	8.5
A/P turnover [(A/P*365)/sales]	30.3	36.4	28.4	29.4	31.0	31.0	31.0
Cash conversion cycle (days)	128.4	66.2	91.5	81.2	73.7	74.1	73.2
Cash flow analysis							
Free cash flow	-20.2	1.7	-6.8	6.4	7.9	8.7	10.5
Free cash flow/sales	-27.6 %	1.5 %	-5.2 %	5.0 %	5.7 %	5.8 %	6.5 %
FCF / net profit	402.6 %	97.5 %	-186.4 %	311.1 %	154.1 %	108.7 %	100.7 %
FCF yield	-31.3 %	2.7 %	-10.5 %	9.9 %	12.3 %	13.4 %	16.2 %
Capex / depn	316.8 %	96.5 %	191.5 %	120.4 %	89.1 %	89.1 %	100.2 %
Capex / maintenance capex	370.9 %	125.0 %	237.2 %	161.5 %	114.3 %	106.7 %	100.0 %
Capex / sales	27.9 %	6.7 %	11.9 %	n/a	n/a	n/a	n/a
Security							
Net debt	57.6	52.9	60.7	55.2	46.9	39.3	30.6
Net Debt/EBITDA	15.4	3.7	2.9	2.9	2.1	1.5	1.0
Net debt / equity	1.3	1.1	1.2	1.1	0.9	0.6	0.4
Interest cover	0.0	1.2	1.8	1.6	2.7	3.9	5.2
Dividend payout ratio	0.0 %	0.0 %	0.0 %	0.0 %	19.0 %	22.5 %	27.9 %
Asset utilisation							
Capital employed turnover	0.7	0.8	0.9	0.9	1.1	1.2	1.2
Operating assets turnover	0.6	0.9	1.0	1.0	1.1	1.1	1.2
Plant turnover	0.7	1.0	1.1	1.1	1.2	1.3	1.4
Inventory turnover (sales/inventory)	3.8	5.3	4.9	5.5	5.7	5.7	5.7
Returns							
ROCE	-2.5 %	5.3 %	9.1 %	7.3 %	10.1 %	13.2 %	15.5 %
ROE	-11.2 %	3.9 %	7.3 %	4.2 %	9.5 %	12.8 %	14.6 %
Other							
Interest paid / avg. debt	8.6 %	7.6 %	8.7 %	8.6 %	7.8 %	8.3 %	8.3 %
No. employees (average)	347	361	393	407	427	427	410
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	0.4
EPS reported	-0.63	0.22	0.44	0.26	0.64	1.00	1.30
Valuation ratios							
P/BV	1.4	1.4	1.3	1.3	1.2	1.0	0.9
EV/sales	1.8	1.2	1.1	1.1	0.9	0.8	0.7
EV/EBITDA	35.6	9.1	6.7	7.3	5.8	4.7	3.9
EV/EBITA	-49.2	19.9	11.1	13.7	9.7	7.1	5.6
EV/EBIT	-49.2	19.9	11.1	13.7	9.7	7.1	5.6
EV/FCF	-6.6	75.2	-20.5	21.5	16.3	14.0	10.8
Dividend yield	0.0 %	0.0 %	0.0 %	0.0 %	1.5 %	2.8 %	4.5 %

Source: Company data, Hauck & Aufhäuser

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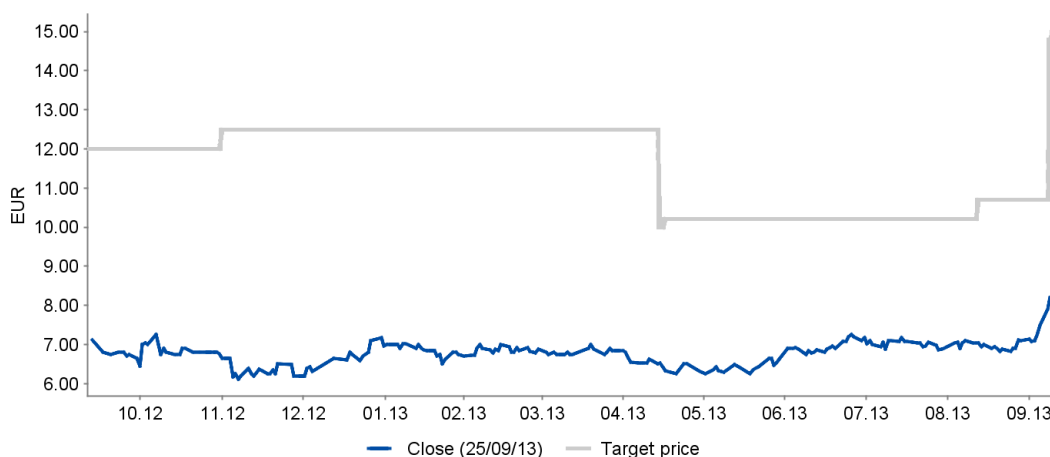
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Company	Disclosure
Nabaltec AG	2, 5

Historical target price and rating changes for Nabaltec AG in the last 12 months

**Price and Rating History
Nabaltec AG as of 26/09/13**

Initiation coverage
14-April-11



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