

4 March 2014

Nabaltec

Small & Mid Caps

Positive prospects continue although 4Q13 spoiled the party

■ New target price EUR 13.25 – reiterate Buy recommendation.

Although we have cut our estimates after Nabaltec clearly missed its own top line guidance and market's expectations with preliminary 2013 numbers, our valuation models calculate a new price target of EUR 13.25 (previous EUR 10, upside potential approx. 18%). While our by one year rolled DCF model calculates a fair value of EUR 12.50, the outcome of our SOTP (based on 2014E estimates) is EUR 14.00 on expanded peer multiples, following the overall trend in the stock market. We derive our new EUR 13.25 target price from the average of the two values.

■ We have adjusted our estimates after the 2013 earnings miss.

Our group sales estimate for 2014E of EUR 139.5mn (-3.3% vs. previous estimate) still reflects a 5% yoy increase in-line with the company's new guidance (mid single-digit increase). Furthermore, we assume that the operating result should reach EUR 11.8mn, reflecting a 60bps margin increase yoy to 8.5%. For 2015E, we assume sales to reach EUR 149.9mn and an operating result of 14.0mn, i.e. a margin of 9.3%; the margin progression should mainly be the result of an increasing demand for CAHC and boehmites in 2015E.

■ After apparently starting well into 4Q13, the business seems to have declined significantly during the Christmas season in December.

The company's EBIT in the final quarter 2013 was approx. 4.8% above previous year's operating result and thereby reflects a certain amelioration yoy, but the net result declined from a 0.6mn loss in the previous year's fourth quarter to about EUR -0.8mn in 4Q13, thereby deteriorating by approximately 50% yoy. The company's full-year sales increased by 2.7% in 2013 and reached EUR 132.9mn, missing expectations and the company's own >5% guidance. Meanwhile, the EBIT reached EUR 10.5mn, reflecting a 7.9% margin (+10bps yoy) in-line with the guidance, which predicted an operating margin at the previous year's level.

	2011	2012	2013E	2014E	2015E
Sales (EUR mn)	129.0	129.2	132.9	139.5	149.9
EBITDA (EUR mn)	20.4	18.8	19.8	21.4	23.8
EBIT reported (EUR mn)	12.3	10.0	10.5	11.8	14.0
EBIT adjusted (EUR mn)	12.3	10.0	10.5	11.8	14.0
Net income (EUR mn)	3.5	2.1	2.6	4.3	6.5
EPS reported (EUR)	0.44	0.26	0.33	0.53	0.81
EPS adjusted (EUR)	0.44	0.26	0.33	0.53	0.81
DPS (EUR)	0.00	0.00	0.15	0.20	0.25
Dividend yield (%)	0.0	0.0	2.0	1.8	2.2
P/E adjusted (x)	19.6	27.5	22.1	21.1	13.8
P/BV (x)	1.5	1.2	1.2	1.6	1.4
EV/Sales (x)	1.0	1.0	1.0	1.1	1.0
EV/EBITDA (x)	6.6	6.8	6.5	7.2	6.3
EV/EBIT (x)	10.9	12.7	12.2	13.1	10.7
Net debt/EBITDA (x)	2.7	2.9	2.6	2.2	1.6

Source: Company data, Baader Bank AG Equity Research

Buy (prev. Buy)

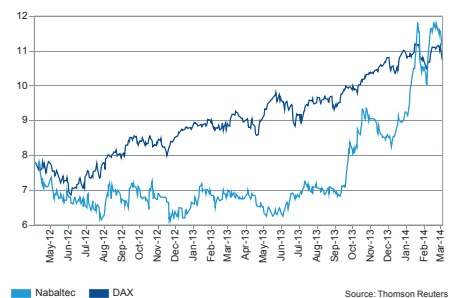
Closing price as of 03-Mar-14	EUR 11.16
High/Low (12M)	11.82/6.25
Target price (prev. EUR 10.00)	EUR 13.25
Upside to target price (%)	18.7
Expected dividend yield (%)	2.0
Total return potential (%)	20.7
Risk category	2

Reuters/Bloomberg	NTGG.DE/NTG GY
Avg. daily turnover (EUR mn)	0.1
Free float (%)	38.2
Market cap. (EUR mn)	89
No. of shares issued (mn)	8.0

Events

Annual general meeting	26-Jun-2014
4Q	30-Apr-2014
Shareholders	Heckmann family 31.95%, Witzany family 29.87%

Price relative to Index



Performance (%)	1M	3M	6M
Absolute	7.8	30.5	60.5
rel. DAX	5.9	29.0	46.1
rel. EURO STOXX 50	4.7	29.1	49.6
rel. SXXP Chemicals	4.8	29.4	53.2

Changes in estimates

EUR mn	2013E (prev.)	Delta (%)	2014E (prev.)	Delta (%)
Sales	136.1	-2.4	144.4	-3.3
EBIT adj.	10.9	-3.9	13.8	-14.0
EPS adj. (EUR)	0.40	-16.5	0.71	-24.9

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