

30 April 2014

Nabaltec

Germany

Small & Mid Caps

Reuters: NTGG.DE Bloomberg: NTG GY

Buy

Closing price as of
29-Apr-14 EUR 10.80

Target price EUR 13.25

High/Low (12M) EUR 11.82/6.25

Market cap. EUR mn 86

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4Q13 in line with preliminary results – Released 1Q14 key numbers solid

Event

- With the publication of the full 2013 company report Nabaltec released (as in previous years) preliminary 1Q14 key operating numbers, which were solid. The company already released preliminary 4Q13 operating results earlier and therefore the final 2013 full year result did not reveal any major surprise.

Our conclusion

- The company's 2014 guidance remains unchanged and the 1Q14 preliminary numbers are in line with our estimates, thereby supporting our investment case. The upside potential to the EUR 13.25 target price, which is derived from the fair values calculated with our DCF and SOTP models, largely justifies our Buy rating.

Analysis

- On a group level Nabaltec released sales of EUR 36.8mn vs. our EUR 36.5mn estimate. Meanwhile, the EBITDA reached EUR 5.4mn (Baader (E) EUR 5.3mn) and the EBIT of EUR 3mn was also in line with our estimate. Thereby the company's 1Q14 EBIT margin of 8.2% (+160 bps yoy) already reflects that the company is well on track to achieve our 8.5% margin estimate for the full year 2014E.
- Among divisions sales of Functional Fillers reached EUR 25.2mn above our EUR 24.5mn estimate, while Technical Ceramics delivered a preliminary top line of EUR 11.6mn, only a notch below our EUR 12mn estimate.
- As expected at this time of the year the company left its (in our view rather cautious) guidance for the full year 2014E unchanged, which predicts a mid-single digit percentage sales increase (Baader (E) +5%) and an operating margin at the previous year's level (2013 EBIT margin 7.9%, Baader (E) 2014E 8.5%).