

27 May 2014

Nabaltec

Germany

Small & Mid Caps

Reuters: NTGG.DE Bloomberg: NTG GY

Buy

Closing price as of
26-May-14 EUR 11.20

Target price EUR 13.25

High/Low (12M) EUR 11.82/6.25

Market cap. EUR mn 90

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Solid 1Q14 results – In line with expectations

Event

- Nabaltec released solid 1Q14 results in line with expectations; the release did not bear any major surprise as the numbers have been pre announced with the full year 2013 numbers presentation.
- As expected the company's guidance remains unchanged, i.e. Nabaltec assumes a mid-single digit increase of its top line, while the EBIT margin is expected to remain at the previous year's level.

EUR mn	1Q14	Baader (E)	Consensus	1Q13	yoy (%)	4Q13	qoq (%)
Key divisional numbers							
Functional Fillers							
Sales	25.2	25.2		23.7	6.3	21.1	19.6
EBIT	2.4	2.6		1.4	77.9	1.2	96.0
Technical Ceramics							
Sales	11.6	11.6		11.1	4.6	9.2	25.4
EBIT	0.5	0.5		0.9	-41.8	0.2	127.3
Key P&L numbers							
Gross sales	36.8	36.8	n.a.	34.8	5.8	30.3	21.5
EBITDA	5.4	5.4	n.a.	4.6	17.5	3.8	42.1
D&A	-2.4	-2.4	n.a.	-2.3	3.7	-2.3	2.7
EBIT	3.0	3.0	n.a.	2.3	29.5	1.5	101.0
Net financial result	-1.1	-1.2	n.a.	-1.2	-12.6	-2.1	-49.1
EBT	1.9	1.9	n.a.	1.1	78.4	-0.6	-394.5
Net income	1.4	1.2	n.a.	0.4	209.7	-0.9	-260.8
EPS	0.17	0.14	n.a.	0.06	205.6	-0.11	-258.7

Source: Company data, Bloomberg, Baader Bank AG Equity Research

Our conclusion

- Due to the preliminary release of 1Q14 key results, the final release of the first quarter numbers did not trigger a positive share price reaction although the performance in the initial quarter of the year was rather solid.
- Our target price of EUR 13.25, which is derived from fair values calculated with our DCF model (fair value EUR 12.50) and SOTP (fair value EUR 14), still reflects an upside of approximately 18%. We therefore reiterate our Buy recommendation on the stock.

Analysis

- Nabaltec's sales increased by 5.7% to EUR 36.8mn, while the EBIT reached EUR 3.0mn, reflecting an 8.1%. This shows in our view that the company is on the right track to achieve our assumed 8.5% EBIT margin in the full year 2014E.
- Functional Fillers sales went up by 6.3% to EUR 25.2 mn, producing an EBIT of EUR 2.4mn. As expected demand for boehmites and CAHC is picking up. The 10.3% margin is in line with our 10.3% estimate. Sales of the Technical Ceramics division improved by 4.5% to EUR 11.6mn, while the operating margin reached 3.9% translating into an EBIT of EUR 0.5mn.
- The EPS of EUR 0.17 was also in line with our estimate of EUR 0.14, slightly supported by a somewhat better-than-assumed financial line, which has been supported by the company's new financing. The good bottom line is the result of a lower financial burden, as well as lower tax charge.

Key financials

EUR mn	2012	2013E	2014E	2015E
Sales	129.2	132.9	139.5	149.9
EBIT	10.0	10.5	11.8	14.0
EPS adj. (EUR)	0.26	0.33	0.53	0.81

Valuation ratios

x	2012	2013E	2014E	2015E
EV/Sales	1.0	1.0	1.1	1.0
EV/EBIT	12.7	12.2	13.1	10.7
P/E adj.	27.2	22.2	21.1	13.8

Source: Company data, Baader Bank AG Equity Research