

**Buy** (old: Buy)

**Price target: EUR 15.00** (old: EUR 15.00)

<b>Price:</b>	EUR 11.37	<b>Next result:</b>	AGM 26.06.14
<b>Bloomberg:</b>	NTG GR	<b>Market cap:</b>	EUR 91.0 m
<b>Reuters:</b>	NTGG.DE	<b>Enterprise Value:</b>	EUR 148.8 m

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## Stellar earnings growth, sound cash flow, positive outlook

Nabaltec reported final Q1 results in-line with preliminaries for sales and EBIT. Sales were up 5.8% yoy to a new quarterly record of € 36.8m despite a negative FX effect (1pp). EBIT increased strongly disproportionately by 30% yoy to € 3.0m reflecting the significant operational leverage emerging from a subpar utilisation and having incurred significant investments and correspondingly D&A. More importantly:

- **Management confirmed its outlook** of mid single digit sales growth in 2014 (eH&A 9%) and to achieve an EBIT margin of at least around last years level (8%; eH&A 9.6%). This looks conservative given an improving economy and as the company experiences increasing demand for its new high margin products such boemite (flame retardant for PCBs, additive in separation foils in batteries and in the catalysis of oil refining) AND CAHC (additive to replace heavy metals in PVC) after expanding the field of applications.
- **EPS jumped by 200% yoy to € 0.17** (eH&A € 0.14) highlighting the significant financial leverage (interest expense of € 1.1m p.q.) coupled with a simultaneous decline in interest expenses (i.e. by € 0.1m yoy). This is a result of the favourable refinancing and redemption of debt as scheduled (€ 8m p.a.).
- **In Q1 cash flow generation was strong**, supported once again by a decline in inventories (as typical compared to year end). **CFO** (before interest expenses) arrived at **€ 7.8m** and was more than sufficient to finance capex and interest costs. As a result, net debt declined to € 48m at the end of Q1 (€ 51m FY '13). Gross cash stood at € 31m underlining the sound liquidity situation of the company.

Giving improving economic indicators, Nabaltec should emerge from a subpar utilisation supported by the unbroken trend of growing demand for non hazardous and non toxic flame retardants (explaining 6% market growth p.a.). In addition, the company won a new large customer in the US for its core product (eH&A good for € 3-4m sales p.a.) which should drive sales in the course of 2014 on top of the increasing traction of the distribution partnership with Sumitomo Chemical for Asia. Finally, the ramp up of new products suggests an increasing dynamic. An **increase of the order book by > 26% yoy to € 23m at the end of Q1** (+56% qoq) well underlines the positive development which should be confirmed by Q2 results. Remains a **BUY, PT € 15 based on FCFY '15E only partially reflecting the earnings growth and de-leverage potential.**



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 11.82 / 6.25  
**Price/Book Ratio:** 1.6  
**Relative performance (SDAX):**  
3 months -3.2 %  
6 months 25.8 %  
12 months 54.7 %

### Changes in estimates

		Sales	EBIT	EPS
2014	old:	144.5	13.9	0.71
	Δ	-	-	-
2015	old:	156.0	17.4	1.04
	Δ	-	-	-
2016	old:	167.0	20.3	1.28
	Δ	-	-	-

### Key share data:

Number of shares: (in m pcs) 8.0  
Authorised capital: (in € m) 4.0  
Book value per share: (in €) 7.2  
Ø trading volume: (12 months) 20,000

### Major shareholders:

Free Float 38.4 %  
Family Heckmann 31.7 %  
Family Witzany 29.9 %

### 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.

Y/E 31.12 (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
Sales	112.7	129.0	129.2	132.9	144.5	156.0	167.0
Sales growth	54 %	14 %	0 %	3 %	9 %	8 %	7 %
EBITDA	14.3	20.6	18.8	19.8	23.2	26.7	29.6
EBIT	6.5	12.5	10.0	10.5	13.9	17.4	20.3
Net income	1.8	3.6	2.1	2.6	5.7	8.3	10.2
Net debt	52.9	60.7	55.2	50.8	38.9	29.7	21.6
Net gearing	115.0 %	121.4 %	111.7 %	99.4 %	67.7 %	45.2 %	28.8 %
Net Debt/EBITDA	3.7	2.9	2.9	2.6	1.7	1.1	0.7
EPS pro forma	0.22	0.45	0.26	0.33	0.71	1.04	1.28
CPS	0.40	0.27	1.31	0.17	1.56	1.32	1.25
DPS	0.00	0.00	0.00	0.06	0.17	0.30	0.44
Dividend yield	0.0 %	0.0 %	0.0 %	0.5 %	1.5 %	2.6 %	3.9 %
Gross profit margin	46.0 %	48.8 %	48.0 %	48.7 %	49.0 %	49.5 %	49.7 %
EBITDA margin	12.7 %	15.9 %	14.6 %	14.9 %	16.1 %	17.1 %	17.7 %
EBIT margin	5.8 %	9.7 %	7.8 %	7.9 %	9.6 %	11.1 %	12.1 %
ROCE	5.3 %	9.1 %	7.3 %	7.3 %	9.4 %	12.0 %	14.1 %
EV/sales	1.4	1.3	1.3	1.2	1.0	0.9	0.8
EV/EBITDA	11.0	8.0	8.7	8.1	6.4	5.2	4.4
EV/EBIT	24.0	13.2	16.4	15.3	10.7	8.0	6.5
PER	51.1	25.1	44.2	34.4	16.0	10.9	8.9
Adjusted FCF yield	5.5 %	7.0 %	6.3 %	6.7 %	8.0 %	9.7 %	11.3 %

Source: Company data, Hauck & Aufhäuser Close price as of: 27.05.2014

	Q1 2014	Q1 2014 est	Q1 2013	yoy	Q4 2013	qoq
<b>Sales</b>	<b>36.8</b>	<b>37.0</b>	<b>34.8</b>	5.8%	<b>30.3</b>	21.5%
Functional Fillers	25.2	25.6	23.7	6.4%	21.1	19.5%
Technical Ceramics	11.6	11.5	11.1	4.7%	9.3	24.9%
<b>Gross profit</b>	<b>17.1</b>	<b>17.2</b>	<b>16.0</b>	6.7%	<b>15.2</b>	12.9%
Gross margin	46.5%	46.5%	46.1%	+ 0.4 pp	50.0%	- 3.5 pp
<b>EBITDA</b>	<b>5.4</b>	<b>5.5</b>	<b>4.6</b>	16.6%	<b>4.0</b>	34.9%
EBITDA margin	14.5%	14.9%	13.2%	+ 1.3 pp	13.1%	+ 1.4 pp
<b>EBIT</b>	<b>3.0</b>	<b>3.2</b>	<b>2.3</b>	29.5%	<b>1.6</b>	88.0%
EBIT margin	8.1%	8.7%	6.6%	+ 1.5 pp	5.2%	+ 2.9 pp
<b>Net Profit</b>	<b>1.3</b>	<b>1.1</b>	<b>0.4</b>	200.8%	<b>-0.7</b>	n.a.
Net margin	3.6%	3.1%	1.3%	+ 2.4 pp	-2.4%	+ 6.0 pp
<b>EPS</b>	<b>0.17</b>	<b>0.14</b>	<b>0.06</b>	200.8%	<b>-0.09</b>	n.a.

Source: Company data; Hauck & Aufhäuser

## Financials

Profit and loss (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
<b>Net sales</b>	<b>112.7</b>	<b>129.0</b>	<b>129.2</b>	<b>132.9</b>	<b>144.5</b>	<b>156.0</b>	<b>167.0</b>
<i>Sales growth</i>	54.3 %	14.5 %	0.1 %	2.9 %	8.7 %	8.0 %	7.0 %
Increase/decrease in finished goods and work-in-process	-0.1	3.7	0.1	1.4	0.1	0.0	0.0
<b>Total sales</b>	<b>112.6</b>	<b>132.8</b>	<b>129.4</b>	<b>134.3</b>	<b>144.6</b>	<b>156.0</b>	<b>167.0</b>
Other operating income	2.2	1.4	1.7	1.3	1.3	1.2	1.3
Material expenses	60.8	69.8	67.3	69.6	73.9	78.8	84.0
Personnel expenses	19.0	21.0	21.8	22.5	23.8	25.0	26.4
Other operating expenses	20.7	22.9	23.2	23.8	25.0	26.8	28.4
Total operating expenses	98.3	112.2	110.5	114.6	121.4	129.4	137.4
<b>EBITDA</b>	<b>14.3</b>	<b>20.6</b>	<b>18.8</b>	<b>19.8</b>	<b>23.2</b>	<b>26.7</b>	<b>29.6</b>
Depreciation	7.8	8.0	8.8	9.2	9.3	9.3	9.3
<b>EBITA</b>	<b>6.5</b>	<b>12.5</b>	<b>10.0</b>	<b>10.5</b>	<b>13.9</b>	<b>17.4</b>	<b>20.3</b>
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
<b>EBIT</b>	<b>6.5</b>	<b>12.5</b>	<b>10.0</b>	<b>10.5</b>	<b>13.9</b>	<b>17.4</b>	<b>20.3</b>
Interest income	0.2	0.6	0.4	0.3	0.1	0.1	0.0
Interest expenses	5.3	6.9	6.3	6.2	4.5	3.9	3.5
Other financial result	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-5.1	-6.4	-5.9	-5.9	-4.4	-3.8	-3.5
<b>Recurring pretax income from continuing operations</b>	<b>1.4</b>	<b>6.2</b>	<b>4.1</b>	<b>4.7</b>	<b>9.5</b>	<b>13.6</b>	<b>16.8</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>1.4</b>	<b>6.2</b>	<b>4.1</b>	<b>4.7</b>	<b>9.5</b>	<b>13.6</b>	<b>16.8</b>
Taxes	-0.7	1.6	1.1	0.9	2.9	4.1	5.0
<b>Net income from continuing operations</b>	<b>2.1</b>	<b>4.5</b>	<b>3.0</b>	<b>3.7</b>	<b>6.7</b>	<b>9.5</b>	<b>11.7</b>
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>2.1</b>	<b>4.5</b>	<b>3.0</b>	<b>3.7</b>	<b>6.7</b>	<b>9.5</b>	<b>11.7</b>
Minority interest	0.3	0.9	1.0	1.1	1.0	1.2	1.5
<b>Net income (net of minority interest)</b>	<b>1.8</b>	<b>3.6</b>	<b>2.1</b>	<b>2.6</b>	<b>5.7</b>	<b>8.3</b>	<b>10.2</b>
Average number of shares	8.0	8.0	8.0	8.0	8.0	8.0	8.0
<b>EPS reported</b>	<b>0.22</b>	<b>0.44</b>	<b>0.26</b>	<b>0.33</b>	<b>0.71</b>	<b>1.04</b>	<b>1.28</b>

Profit and loss (common size)	2010	2011	2012	2013	2014E	2015E	2016E
<b>Net sales</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Increase/decrease in finished goods and work-in-process	0.0 %	2.9 %	0.1 %	1.0 %	0.1 %	0.0 %	0.0 %
<b>Total sales</b>	<b>100.0 %</b>	<b>102.9 %</b>	<b>100.1 %</b>	<b>101.0 %</b>	<b>100.1 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Other operating income	1.9 %	1.1 %	1.3 %	1.0 %	0.9 %	0.8 %	0.8 %
Material expenses	54.0 %	54.1 %	52.1 %	52.4 %	51.1 %	50.5 %	50.3 %
Personnel expenses	16.9 %	16.3 %	16.8 %	16.9 %	16.5 %	16.0 %	15.8 %
Other operating expenses	18.3 %	17.7 %	17.9 %	17.9 %	17.3 %	17.2 %	17.0 %
Total operating expenses	87.2 %	87.0 %	85.5 %	86.2 %	84.0 %	82.9 %	82.3 %
<b>EBITDA</b>	<b>12.7 %</b>	<b>15.9 %</b>	<b>14.6 %</b>	<b>14.9 %</b>	<b>16.1 %</b>	<b>17.1 %</b>	<b>17.7 %</b>
Depreciation	6.9 %	6.2 %	6.8 %	6.9 %	6.4 %	6.0 %	5.6 %
<b>EBITA</b>	<b>5.8 %</b>	<b>9.7 %</b>	<b>7.8 %</b>	<b>7.9 %</b>	<b>9.6 %</b>	<b>11.1 %</b>	<b>12.1 %</b>
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 %
<b>EBIT</b>	<b>5.8 %</b>	<b>9.7 %</b>	<b>7.8 %</b>	<b>7.9 %</b>	<b>9.6 %</b>	<b>11.1 %</b>	<b>12.1 %</b>
Interest income	0.2 %	0.4 %	0.3 %	0.2 %	0.1 %	0.1 %	0.0 %
Interest expenses	4.7 %	5.4 %	4.9 %	4.6 %	3.1 %	2.5 %	2.1 %
Other financial result	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	-4.5 %	-4.9 %	-4.6 %	-4.4 %	-3.0 %	-2.4 %	-2.1 %
<b>Recurring pretax income from continuing operations</b>	<b>1.3 %</b>	<b>4.8 %</b>	<b>3.2 %</b>	<b>3.5 %</b>	<b>6.6 %</b>	<b>8.7 %</b>	<b>10.0 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>1.3 %</b>	<b>4.8 %</b>	<b>3.2 %</b>	<b>3.5 %</b>	<b>6.6 %</b>	<b>8.7 %</b>	<b>10.0 %</b>
Tax rate	-45.5 %	26.7 %	26.8 %	20.2 %	30.0 %	30.0 %	30.0 %
<b>Net income from continuing operations</b>	<b>1.9 %</b>	<b>3.5 %</b>	<b>2.3 %</b>	<b>2.8 %</b>	<b>4.6 %</b>	<b>6.1 %</b>	<b>7.0 %</b>
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net income</b>	<b>1.9 %</b>	<b>3.5 %</b>	<b>2.3 %</b>	<b>2.8 %</b>	<b>4.6 %</b>	<b>6.1 %</b>	<b>7.0 %</b>
Minority interest	0.3 %	0.7 %	0.7 %	0.8 %	0.7 %	0.8 %	0.9 %
<b>Net income (net of minority interest)</b>	<b>1.6 %</b>	<b>2.8 %</b>	<b>1.6 %</b>	<b>2.0 %</b>	<b>3.9 %</b>	<b>5.3 %</b>	<b>6.1 %</b>

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
<b>Intangible assets</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>
Property, plant and equipment	109.0	116.4	116.0	111.8	110.5	109.2	107.9
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>FIXED ASSETS</b>	<b>109.2</b>	<b>116.6</b>	<b>116.2</b>	<b>112.0</b>	<b>110.7</b>	<b>109.4</b>	<b>108.1</b>
Inventories	21.4	26.3	23.6	26.2	26.3	28.4	30.4
Accounts receivable	1.6	2.2	3.4	4.3	3.4	3.6	3.9
Other current assets	3.5	2.9	3.4	3.8	0.0	0.0	0.0
Liquid assets	29.0	16.3	14.3	29.7	31.0	30.3	28.4
Deferred taxes	1.3	0.9	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
<b>CURRENT ASSETS</b>	<b>56.8</b>	<b>48.8</b>	<b>45.3</b>	<b>64.2</b>	<b>60.7</b>	<b>62.3</b>	<b>62.6</b>
<b>TOTAL ASSETS</b>	<b>166.0</b>	<b>165.4</b>	<b>161.5</b>	<b>176.3</b>	<b>171.4</b>	<b>171.7</b>	<b>170.8</b>
SHAREHOLDERS EQUITY	46.0	50.0	49.4	51.1	57.5	65.6	75.0
MINORITY INTEREST	-4.0	-3.1	-2.0	-0.8	0.0	0.0	0.0
Long-term debt	73.6	68.9	59.9	70.6	60.0	50.0	40.0
Provisions for pensions and similar obligations	13.1	13.7	17.8	18.9	18.9	18.9	18.9
Other provisions	0.8	0.7	1.3	1.6	0.0	0.0	0.0
<b>Non-current liabilities</b>	<b>87.4</b>	<b>83.3</b>	<b>79.0</b>	<b>91.1</b>	<b>78.9</b>	<b>68.9</b>	<b>58.9</b>
short-term liabilities to banks	8.3	8.1	9.7	9.9	9.9	9.9	9.9
Accounts payable	11.2	10.0	10.4	8.7	11.9	14.0	13.7
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)	14.2	13.2	11.9	13.3	13.3	13.3	13.3
Deferred taxes	2.7	3.8	3.1	2.9	0.0	0.0	0.0
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>36.5</b>	<b>35.2</b>	<b>35.0</b>	<b>34.8</b>	<b>35.1</b>	<b>37.2</b>	<b>37.0</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>166.0</b>	<b>165.4</b>	<b>161.5</b>	<b>176.2</b>	<b>171.5</b>	<b>171.8</b>	<b>170.8</b>

Balance sheet (common size)	2010	2011	2012	2013	2014E	2015E	2016E
<b>Intangible assets</b>	<b>0.1 %</b>	<b>0.1 %</b>	<b>0.1 %</b>	<b>0.1 %</b>	<b>0.1 %</b>	<b>0.1 %</b>	<b>0.1 %</b>
Property, plant and equipment	65.7 %	70.4 %	71.8 %	63.4 %	64.5 %	63.6 %	63.2 %
Financial assets	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>FIXED ASSETS</b>	<b>65.8 %</b>	<b>70.5 %</b>	<b>72.0 %</b>	<b>63.6 %</b>	<b>64.6 %</b>	<b>63.7 %</b>	<b>63.3 %</b>
Inventories	12.9 %	15.9 %	14.6 %	14.9 %	15.3 %	16.5 %	17.8 %
Accounts receivable	1.0 %	1.4 %	2.1 %	2.4 %	2.0 %	2.1 %	2.3 %
Other current assets	2.1 %	1.8 %	2.1 %	2.1 %	0.0 %	0.0 %	0.0 %
Liquid assets	17.4 %	9.9 %	8.9 %	16.8 %	18.1 %	17.6 %	16.6 %
Deferred taxes	0.8 %	0.6 %	0.3 %	0.2 %	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 %
<b>CURRENT ASSETS</b>	<b>34.2 %</b>	<b>29.5 %</b>	<b>28.0 %</b>	<b>36.4 %</b>	<b>35.4 %</b>	<b>36.2 %</b>	<b>36.7 %</b>
<b>TOTAL ASSETS</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
SHAREHOLDERS EQUITY	27.7 %	30.2 %	30.6 %	29.0 %	33.5 %	38.2 %	43.9 %
MINORITY INTEREST	-2.4 %	-1.9 %	-1.2 %	-0.4 %	0.0 %	0.0 %	0.0 %
Long-term debt	44.3 %	41.7 %	37.1 %	40.0 %	35.0 %	29.1 %	23.4 %
Provisions for pensions and similar obligations	7.9 %	8.3 %	11.0 %	10.7 %	11.0 %	11.0 %	11.1 %
Other provisions	0.5 %	0.4 %	0.8 %	0.9 %	0.0 %	0.0 %	0.0 %
<b>Non-current liabilities</b>	<b>52.7 %</b>	<b>50.4 %</b>	<b>48.9 %</b>	<b>51.7 %</b>	<b>46.0 %</b>	<b>40.1 %</b>	<b>34.5 %</b>
short-term liabilities to banks	5.0 %	4.9 %	6.0 %	5.6 %	5.8 %	5.8 %	5.8 %
Accounts payable	6.8 %	6.1 %	6.4 %	4.9 %	6.9 %	8.2 %	8.0 %
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)	8.6 %	8.0 %	7.3 %	7.5 %	7.8 %	7.7 %	7.8 %
Deferred taxes	1.6 %	2.3 %	1.9 %	1.6 %	0.0 %	0.0 %	0.0 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Current liabilities</b>	<b>22.0 %</b>	<b>21.3 %</b>	<b>21.7 %</b>	<b>19.7 %</b>	<b>20.5 %</b>	<b>21.7 %</b>	<b>21.6 %</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

Source: Company data, Hauck & Aufhäuser

Cash flow statement (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
Net profit/loss	2.1	4.5	3.0	3.7	6.7	9.5	11.7
Depreciation of fixed assets (incl. leases)	7.8	8.0	8.8	9.2	9.3	9.3	9.3
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
Others	-0.8	2.8	2.5	2.2	0.0	0.0	0.0
Cash flow from operations before changes in w/c	9.1	15.4	14.3	15.1	16.0	18.8	21.0
Increase/decrease in inventory	-2.2	-4.9	2.7	-2.6	-0.1	-2.1	-2.0
Increase/decrease in accounts receivable	-1.7	-0.6	-1.6	-1.3	0.9	-0.3	-0.3
Increase/decrease in accounts payable	4.1	-1.2	1.6	-2.9	3.2	2.1	-0.3
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	0.1	-6.8	2.7	-6.8	4.0	-0.2	-2.5
<b>Cash flow from operating activities</b>	<b>9.2</b>	<b>8.6</b>	<b>17.0</b>	<b>8.3</b>	<b>20.0</b>	<b>18.6</b>	<b>18.5</b>
CAPEX	7.5	15.4	10.6	2.6	8.0	8.0	8.0
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
<b>Cash flow from investing activities</b>	<b>-7.5</b>	<b>-15.4</b>	<b>-10.6</b>	<b>-2.6</b>	<b>-8.0</b>	<b>-8.0</b>	<b>-8.0</b>
Cash flow before financing	1.7	-6.8	6.4	5.8	12.0	10.6	10.5
Increase/decrease in debt position	28.7	-5.6	-8.4	9.7	-10.6	-10.0	-10.0
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	0.5	1.3	2.4
Others	-2.0	0.0	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
<b>Cash flow from financing activities</b>	<b>26.7</b>	<b>-5.6</b>	<b>-8.4</b>	<b>9.7</b>	<b>-11.1</b>	<b>-11.3</b>	<b>-12.4</b>
Increase/decrease in liquid assets	28.4	-12.4	-2.0	15.5	0.9	-0.8	-1.9
<b>Liquid assets at end of period</b>	<b>29.0</b>	<b>16.7</b>	<b>14.7</b>	<b>30.1</b>	<b>31.1</b>	<b>30.3</b>	<b>28.4</b>

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
Domestic	35.1	40.7	40.0	40.9	43.5	46.0	48.0
yoy change	59.4 %	16.2 %	-1.7 %	2.2 %	6.4 %	5.7 %	4.3 %
Rest of Europe	50.2	58.3	59.9	63.6	66.0	70.0	75.0
yoy change	34.6 %	16.2 %	2.7 %	6.2 %	3.8 %	6.1 %	7.1 %
NAFTA	17.1	16.8	14.8	14.4	17.0	19.0	20.0
yoy change	119.5 %	-2.1 %	-11.9 %	-2.3 %	17.8 %	11.8 %	5.3 %
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	10.4	13.3	14.4	14.0	18.0	21.0	24.0
yoy change	72.8 %	27.8 %	8.9 %	-3.1 %	28.6 %	17.0 %	13.9 %
<b>TTL</b>	<b>112.7</b>	<b>129.0</b>	<b>129.1</b>	<b>132.9</b>	<b>144.5</b>	<b>156.0</b>	<b>167.0</b>
yoy change	54.3 %	14.5 %	0.1 %	2.9 %	8.7 %	8.0 %	7.0 %

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
<b>P&amp;L growth analysis</b>							
Sales growth	54.3 %	14.5 %	0.1 %	2.9 %	8.7 %	8.0 %	7.0 %
EBITDA growth	283.5 %	43.6 %	-8.5 %	4.9 %	17.5 %	14.9 %	10.8 %
EBIT growth	-342.1 %	91.3 %	-20.0 %	5.0 %	32.3 %	24.8 %	16.5 %
EPS growth	-135.5 %	97.9 %	-41.5 %	28.5 %	114.3 %	46.5 %	23.1 %
<b>Efficiency</b>							
Total operating costs / sales	87.2 %	87.0 %	85.5 %	86.2 %	84.0 %	82.9 %	82.3 %
Sales per employee	312.2	328.3	317.5	320.3	348.1	371.5	392.9
EBITDA per employee	39.7	52.3	46.3	47.6	56.0	63.5	69.5
<b>Balance sheet analysis</b>							
Avg. working capital / sales	11.3 %	11.7 %	13.6 %	14.4 %	13.7 %	11.5 %	11.5 %
Inventory turnover (sales/inventory)	5.3	4.9	5.5	5.1	5.5	5.5	5.5
Trade debtors in days of sales	5.2	6.4	9.6	11.8	8.5	8.5	8.5
A/P turnover [(A/P*365)/sales]	36.4	28.4	29.4	23.9	30.0	30.0	30.0
Cash conversion cycle (days)	66.2	91.5	81.2	103.6	79.6	75.1	80.8
<b>Cash flow analysis</b>							
Free cash flow	1.7	-6.8	6.4	5.8	12.0	10.6	10.5
Free cash flow/sales	1.5 %	-5.2 %	5.0 %	4.4 %	8.3 %	6.8 %	6.3 %
FCF / net profit	97.5 %	-186.4 %	311.1 %	218.6 %	211.8 %	127.1 %	102.8 %
Capex / depre	96.5 %	191.5 %	120.4 %	27.8 %	86.0 %	86.0 %	86.0 %
Capex / maintenance capex	125.0 %	237.2 %	133.8 %	81.4 %	106.7 %	100.0 %	94.1 %
Capex / sales	6.7 %	11.9 %	n/a	n/a	n/a	n/a	n/a
<b>Security</b>							
Net debt	52.9	60.7	55.2	50.8	38.9	29.7	21.6
Net Debt/EBITDA	3.7	2.9	2.9	2.6	1.7	1.1	0.7
Net debt / equity	1.1	1.2	1.1	1.0	0.7	0.5	0.3
Interest cover	1.2	1.8	1.6	1.7	3.1	4.5	5.8
Dividend payout ratio	0.0 %	0.0 %	0.0 %	18.1 %	23.5 %	28.6 %	34.4 %
<b>Asset utilisation</b>							
Capital employed turnover	0.8	0.9	0.9	0.9	1.0	1.1	1.2
Operating assets turnover	0.9	1.0	1.0	1.0	1.1	1.2	1.3
Plant turnover	1.0	1.1	1.1	1.2	1.3	1.4	1.5
Inventory turnover (sales/inventory)	5.3	4.9	5.5	5.1	5.5	5.5	5.5
<b>Returns</b>							
ROCE	5.3 %	9.1 %	7.3 %	7.3 %	9.4 %	12.0 %	14.1 %
ROE	3.9 %	7.3 %	4.2 %	5.2 %	9.9 %	12.7 %	13.6 %
<b>Other</b>							
Interest paid / avg. debt	7.6 %	8.7 %	8.6 %	8.2 %	6.0 %	6.0 %	6.4 %
No. employees (average)	361	393	407	415	415	420	425
Number of shares	8.0	8.0	8.0	8.0	8.0	8.0	8.0
DPS	0.0	0.0	0.0	0.1	0.2	0.3	0.4
EPS reported	0.22	0.44	0.26	0.33	0.71	1.04	1.28
<b>Valuation ratios</b>							
P/BV	2.0	1.8	1.8	1.8	1.6	1.4	1.2
EV/sales	1.4	1.3	1.3	1.2	1.0	0.9	0.8
EV/EBITDA	11.0	8.0	8.7	8.1	6.4	5.2	4.4
EV/EBITA	24.0	13.2	16.4	15.3	10.7	8.0	6.5
EV/EBIT	24.0	13.2	16.4	15.3	10.7	8.0	6.5
EV/FCF	90.5	-24.4	25.6	27.8	12.4	13.2	12.5
Adjusted FCF yield	5.5 %	7.0 %	6.3 %	6.7 %	8.0 %	9.7 %	11.3 %
Dividend yield	0.0 %	0.0 %	0.0 %	0.5 %	1.5 %	2.6 %	3.9 %

Source: Company data, Hauck & Aufhäuser

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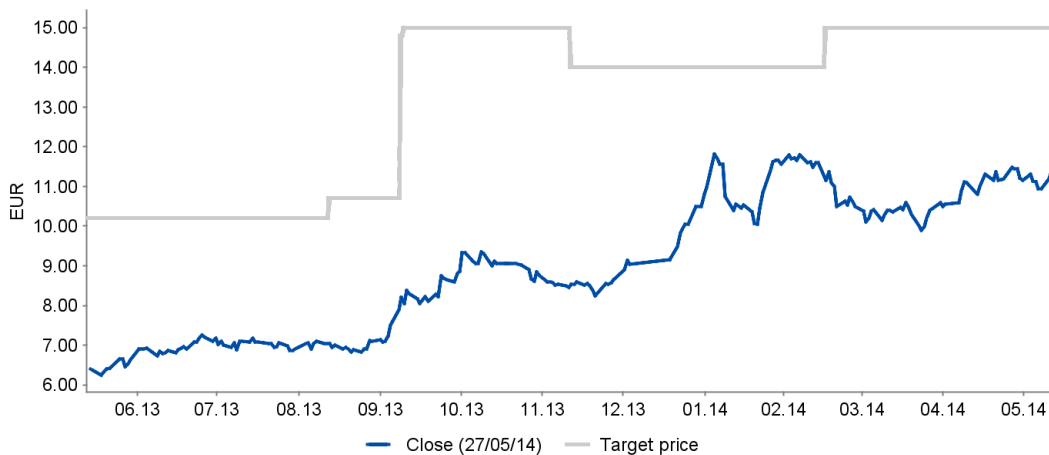
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Company	Disclosure
Nabaltec AG	2, 5

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

**Price and Rating History  
Nabaltec AG as of 28/05/14**

Initiation coverage  
14-April-11



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