

Buy (old: Buy)

Price target: EUR 15.00 (old: EUR 15.00)

Price:	EUR 10.78	Next result:	Q3 25.11.14
Bloomberg:	NTG GR	Market cap:	EUR 86.2 m
Reuters:	NTGG.DE	Enterprise Value:	EUR 146.6 m

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Stellar EPS growth in H1/strong bookings/confirmed outlook

Sales increased soundly by 6.5% yoy to € 36.2m in Q2 against a strong comparable base (Note: Q2 '13 was extraordinarily strong in Technical Ceramics up 8% yoy driven by a rebound in orders from the refractory and good orders from the ballistic industries). **Growth was driven by Functional Fillers up 11% yoy to € 25.3m** underlining growing demand for environmental friendly flame retardants, while Technical Ceramics declined slightly by 2% yoy reflecting fewer orders from the ballistic industry.

EBIT was up 2.2% yoy to € 3.6m in Q2 with the EBIT margin arriving at a healthy level of 10%. The underperformance to sales growth was due to less high margin sales in Ceramics (i.e. from the ballistic industry). **Notably, the company increased EBIT by 36% yoy in Fillers to € 3.0m** (margin +2.4pp yoy to 11.8%). Sequentially, group EBIT improved by >20% qoq thanks to a better product mix.

Cash generation was also healthy and the **CFO arrived at € 13.2m in H1.** This was more than sufficient to cover capex (€ 6.5m) and interest costs (€ 1.6m). As a result, net debt declined to € 47m at the end of June (€ 51m at the end of 2013).

Management flagged that the order activity has remained healthy in Q2&Q3 also indicating that Technical Ceramics should pick up in H2. In fact, the **order book increased by >40% yoy to € 28.4m** at the end of June. Importantly, a large new customer in the US, the expansion in Asia (driven by Sumitomo Chemical cooperation) and the ramp up of new products (stabiliser for PVC, boemite for PCBs/ in separation foils in lithium ions batteries/as supplement in the oil catalysis) should support growth. Against this backdrop, management confirmed its **guidance of mid single digit sales growth and to achieve at least an EBIT margin** on last year's level.

Action: EBITDA estimates are slightly trimmed by 3% to account for a somewhat softer pricing environment while EBIT estimates are reduced disproportionately due to high D&A. Still, EPS estimates are left unchanged due to lower interest and tax expenses.

H1 results, showing 6% yoy sales, 14% yoy EBIT and >40% yoy EPS growth underpin our investment case of structural growth translating into strong earnings growth on the back of a high operational and financial leverage. As Nabaltec looks set to benefit from the rising demand for environmental friendly flame retardants and as the cash flow cycle is turning into investors' favour the **stock remains a BUY. PT € 15 based on 2015E** neither incorporating the growth nor the de-leverage potential. *cont.*

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	22.5	26.1	29.2
EBIT	6.5	12.5	10.0	10.5	12.9	16.5	19.5
Net income	1.8	3.6	2.1	2.6	5.7	8.3	10.3
Net debt	52.9	60.7	55.2	50.8	41.5	32.7	25.8
Net gearing	115.0 %	121.4 %	111.7 %	99.4 %	72.3 %	50.0 %	34.6 %
Net Debt/EBITDA	3.7	2.9	2.9	2.6	1.8	1.3	0.9
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	1.48	1.39	1.22
DPS	0.00	0.00	0.00	0.06	0.17	0.29	0.43
Dividend yield	0.0 %	0.0 %	0.0 %	0.6 %	1.5 %	2.7 %	4.0 %
Gross profit margin	46.0 %	48.8 %	48.0 %	48.7 %	47.9 %	48.3 %	48.4 %
EBITDA margin	12.7 %	15.9 %	14.6 %	14.9 %	15.6 %	16.7 %	17.5 %
EBIT margin	5.8 %	9.7 %	7.8 %	7.9 %	8.9 %	10.6 %	11.7 %
ROCE	5.3 %	9.1 %	7.3 %	7.3 %	8.7 %	11.3 %	13.5 %
EV/sales	1.4	1.2	1.2	1.2	1.0	0.9	0.8
EV/EBITDA	10.6	7.8	8.5	7.9	6.5	5.3	4.5
EV/EBIT	23.3	12.8	15.9	14.8	11.3	8.4	6.7
PER	48.5	23.8	41.9	32.6	15.1	10.4	8.4
Adjusted FCF yield	5.7 %	7.2 %	6.4 %	6.9 %	8.1 %	9.9 %	11.5 %

Source: Company data, Hauck & Aufhäuser Close price as of: 26.08.2014



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks: 12.00 / 6.83

Price/Book Ratio: 1.5

Relative performance (SDAX):

3 months -0.8 %

6 months -4.4 %

12 months 38.0 %

Changes in estimates

		Sales	EBIT	EPS
2014	old:	144.5	13.9	0.71
	Δ	-	-7.2%	-
2015	old:	156.0	17.4	1.04
	Δ	-	-5.1%	-
2016	old:	167.0	20.3	1.28
	Δ	-	-3.9%	-

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.

	Q2 2014	Q2 2014 est	Q2 2013	yoy	Q1 2014	qoq	H1 2014	H1 2013	yoy
Sales	36.2	36.2	34.0	6.5%	36.8	-1.6%	73.0	68.8	6.2%
Functional Fillers	25.3		22.8	10.6%	25.2	0.3%	50.5	46.5	8.4%
Technical Ceramics	10.9		11.2	-1.9%	11.6	-5.8%	22.6	22.2	1.4%
Gross profit	17.5	17.7	17.2	1.8%	17.1	2.2%	34.6	33.2	4.2%
Gross margin	48.3%	48.8%	50.5%	-2.2 pp	46.5%	+1.8 pp	47.4%	48.3%	-0.9 pp
EBITDA	6.0	6.1	5.8	3.3%	5.4	12.6%	11.4	10.4	9.2%
EBITDA margin	16.7%	16.8%	17.2%	-0.5 pp	14.5%	+2.1 pp	15.6%	15.2%	+0.4 pp
EBIT	3.6	3.7	3.6	2.2%	3.0	22.2%	6.6	5.8	12.9%
EBIT margin	10.0%	10.1%	10.4%	-0.4 pp	8.1%	+2.0 pp	9.0%	8.5%	+0.5 pp
Net Profit	1.8	1.8	1.7	4.4%	1.3	33.1%	3.1	2.2	45.0%
Net margin	4.9%	4.9%	5.0%	-0.1 pp	3.6%	+1.3 pp	4.3%	3.1%	+1.1 pp
EPS	0.22	0.22	0.21	4.4%	0.17	33.1%	0.39	0.27	45.0%

Source: Company data; Hauck & Aufhäuser

Financials

Profit and loss (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
Net sales	112.7	129.0	129.2	132.9	144.5	156.0	167.0
<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
Total sales	112.6	132.8	129.4	134.3	144.6	156.0	167.0
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	75.4	80.7	86.2
Personnel expenses	19.0	21.0	21.8	22.5	25.3	26.2	27.1
Other operating expenses	20.7	22.9	23.2	23.8	22.7	24.3	25.9
Total operating expenses	98.3	112.2	110.5	114.6	122.1	130.0	137.8
EBITDA	14.3	20.6	18.8	19.8	22.5	26.1	29.2
Depreciation	7.8	8.0	8.8	9.2	9.6	9.6	9.7
EBITA	6.5	12.5	10.0	10.5	12.9	16.5	19.5
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	6.5	12.5	10.0	10.5	12.9	16.5	19.5
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	4.1	3.7	3.3
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	-4.0	-3.6	-3.3
Recurring pretax income from continuing operations	1.4	6.2	4.1	4.7	8.9	12.9	16.2
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	1.4	6.2	4.1	4.7	8.9	12.9	16.2
Taxes	-0.7	1.6	1.1	0.9	2.3	3.5	4.6
Net income from continuing operations	2.1	4.5	3.0	3.7	6.6	9.4	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	2.1	4.5	3.0	3.7	6.6	9.4	11.6
Minority interest	0.3	0.9	1.0	1.1	0.9	1.1	1.3
Net income (net of minority interest)	1.8	3.6	2.1	2.6	5.7	8.3	10.3
Average number of shares	8.0	8.0	8.0	8.0	8.0	8.0	8.0
EPS reported	0.22	0.44	0.26	0.33	0.71	1.04	1.28

Profit and loss (common size)	2010	2011	2012	2013	2014E	2015E	2016E
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	0.0 %	2.9 %	0.1 %	1.0 %	0.1 %	0.0 %	0.0 %
Total sales	100.0 %	102.9 %	100.1 %	101.0 %	100.1 %	100.0 %	100.0 %
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 %	52.2 %	51.7 %	51.6 %
Personnel expenses	16.9 %	16.3 %	16.8 %	16.9 %	17.5 %	16.8 %	16.2 %
Other operating expenses	18.3 %	17.7 %	17.9 %	17.9 %	15.7 %	15.6 %	15.5 %
Total operating expenses	87.2 %	87.0 %	85.5 %	86.2 %	84.5 %	83.3 %	82.5 %
EBITDA	12.7 %	15.9 %	14.6 %	14.9 %	15.6 %	16.7 %	17.5 %
Depreciation	6.9 %	6.2 %	6.8 %	6.9 %	6.6 %	6.2 %	5.8 %
EBITA	5.8 %	9.7 %	7.8 %	7.9 %	8.9 %	10.6 %	11.7 %
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	5.8 %	9.7 %	7.8 %	7.9 %	8.9 %	10.6 %	11.7 %
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 %	2.8 %	2.4 %	2.0 %
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 %	-2.8 %	-2.3 %	-2.0 %
Recurring pretax income from continuing operations	1.3 %	4.8 %	3.2 %	3.5 %	6.2 %	8.3 %	9.7 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Earnings before taxes	1.3 %	4.8 %	3.2 %	3.5 %	6.2 %	8.3 %	9.7 %
Tax rate	-45.5 %	26.7 %	26.8 %	20.2 %	26.0 %	27.0 %	28.5 %
Net income from continuing operations	1.9 %	3.5 %	2.3 %	2.8 %	4.6 %	6.0 %	6.9 %
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	1.9 %	3.5 %	2.3 %	2.8 %	4.6 %	6.0 %	6.9 %
Minority interest	0.3 %	0.7 %	0.7 %	0.8 %	0.6 %	0.7 %	0.8 %
Net income (net of minority interest)	1.6 %	2.8 %	1.6 %	2.0 %	3.9 %	5.3 %	6.1 %

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2010	2011	2012	2013	2014E	2015E	2016E
Intangible assets	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Property, plant and equipment	109.0	116.4	116.0	111.8	112.2	111.6	110.9
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
FIXED ASSETS	109.2	116.6	116.2	112.0	112.4	111.8	111.1
Inventories	21.4	26.3	23.6	26.2	26.8	28.9	30.9
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	28.4	27.2	24.1
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
CURRENT ASSETS	56.8	48.8	45.3	64.2	58.6	59.8	58.9
TOTAL ASSETS	166.0	165.4	161.5	176.3	171.0	171.6	170.1
SHAREHOLDERS EQUITY	46.0	50.0	49.4	51.1	57.4	65.5	74.7
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
Non-current liabilities	87.4	83.3	79.0	91.1	78.9	68.9	58.9
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	11.5	14.0	13.3
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
Current liabilities	36.5	35.2	35.0	34.8	34.7	37.2	36.5
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	166.0	165.4	161.5	176.2	171.0	171.6	170.1

Balance sheet (common size)	2010	2011	2012	2013	2014E	2015E	2016E
Intangible assets	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %	0.1 %
Property, plant and equipment	65.7 %	70.4 %	71.8 %	63.4 %	65.6 %	65.0 %	65.2 %
Financial assets	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
FIXED ASSETS	65.8 %	70.5 %	72.0 %	63.6 %	65.8 %	65.2 %	65.3 %
Inventories	12.9 %	15.9 %	14.6 %	14.9 %	15.6 %	16.8 %	18.2 %
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 %	16.6 %	15.9 %	14.2 %
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 %
CURRENT ASSETS	34.2 %	29.5 %	28.0 %	36.4 %	34.2 %	34.8 %	34.7 %
TOTAL ASSETS	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
SHAREHOLDERS EQUITY	27.7 %	30.2 %	30.6 %	29.0 %	33.6 %	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 %	35.1 %	29.1 %	23.5 %
Provisions for pensions and similar obligations	7.9 %	8.3 %	11.0 %	10.7 %	11.1 %	11.0 %	11.1 %
Other provisions	0.5 %	0.4 %	0.8 %	0.9 %	0.0 %	0.0 %	0.0 %
Non-current liabilities	52.7 %	50.4 %	48.9 %	51.7 %	46.1 %	40.1 %	34.6 %
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 %	6.7 %	8.2 %	7.8 %
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 %
Current liabilities	22.0 %	21.3 %	21.7 %	19.7 %	20.3 %	21.7 %	21.5 %
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)	2010	2011	2012	2013	2014E	2015E	2016E
Net profit/loss	2.1	4.5	3.0	3.7	6.6	9.4	11.6
Depreciation of fixed assets (incl. leases)	7.8	8.0	8.8	9.2	9.6	9.6	9.7
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	16.2	19.0	21.3
Increase/decrease in inventory	-2.2	-4.9	2.7	-2.6	-0.5	-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	2.8	2.5	-0.7
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	3.2	0.1	-3.0
Cash flow from operating activities	9.2	8.6	17.0	8.3	19.4	19.1	18.2
CAPEX	7.5	15.4	10.6	2.6	10.0	9.0	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	-7.5	-15.4	-10.6	-2.6	-10.0	-9.0	-9.0
Cash flow before financing	1.7	-6.8	6.4	5.8	9.4	10.1	9.2
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
Cash flow from financing activities	26.7	-5.6	-8.4	9.7	-11.1	-11.3	-12.4
Increase/decrease in liquid assets	28.4	-12.4	-2.0	15.5	-1.7	-1.2	-3.1
Liquid assets at end of period	29.0	16.7	14.7	30.1	28.4	27.2	24.1

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 %
TTL	112.7	129.0	129.1	132.9	144.5	156.0	167.0
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
P&L growth analysis							
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 %	14.0 %	15.8 %	11.8 %
EBIT growth	-342.1 %	91.3 %	-20.0 %	5.0 %	22.7 %	27.6 %	18.1 %
EPS growth	-135.5 %	97.9 %	-41.5 %	28.5 %	115.6 %	45.6 %	23.5 %
Efficiency							
Total operating costs / sales	87.2 %	87.0 %	85.5 %	86.2 %	84.5 %	83.3 %	82.5 %
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	54.3	62.1	68.6
Balance sheet analysis							
Avg. working capital / sales	11.3 %	11.7 %	13.6 %	14.4 %	14.0 %	11.9 %	12.0 %
Inventory turnover (sales/inventory)	5.3	4.9	5.5	5.1	5.4	5.4	5.4
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	29.0	29.0	29.0
Cash conversion cycle (days)	66.2	91.5	81.2	103.6	82.5	75.9	83.3
Cash flow analysis							
Free cash flow	1.7	-6.8	6.4	5.8	9.4	10.1	9.2
Free cash flow/sales	1.5 %	-5.2 %	5.0 %	4.4 %	6.5 %	6.5 %	5.5 %
FCF / net profit	97.5 %	-186.4 %	311.1 %	218.6 %	164.1 %	121.8 %	90.1 %
Capex / depre	96.5 %	191.5 %	120.4 %	27.8 %	104.2 %	93.8 %	92.8 %
Capex / maintenance capex	125.0 %	237.2 %	133.8 %	81.4 %	133.3 %	112.5 %	105.9 %
Capex / sales	6.7 %	11.9 %	n/a	n/a	n/a	n/a	n/a
Security							
Net debt	52.9	60.7	55.2	50.8	41.5	32.7	25.8
Net Debt/EBITDA	3.7	2.9	2.9	2.6	1.8	1.3	0.9
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	3.2	4.5	5.9
Dividend payout ratio	0.0 %	0.0 %	0.0 %	18.1 %	23.2 %	28.3 %	33.8 %
Asset utilisation							
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	5.4	5.4	5.4
Returns							
ROCE	5.3 %	9.1 %	7.3 %	7.3 %	8.7 %	11.3 %	13.5 %
ROE	3.9 %	7.3 %	4.2 %	5.2 %	9.9 %	12.7 %	13.7 %
Other							
Interest paid / avg. debt	7.6 %	8.7 %	8.6 %	8.2 %	5.4 %	5.7 %	6.0 %
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
Valuation ratios							
P/BV	1.9	1.7	1.7	1.7	1.5	1.3	1.2
EV/sales	1.4	1.2	1.2	1.2	1.0	0.9	0.8
EV/EBITDA	10.6	7.8	8.5	7.9	6.5	5.3	4.5
EV/EBITA	23.3	12.8	15.9	14.8	11.3	8.4	6.7
EV/EBIT	23.3	12.8	15.9	14.8	11.3	8.4	6.7
EV/FCF	87.8	-23.7	24.9	27.0	15.7	13.6	14.2
Adjusted FCF yield	5.7 %	7.2 %	6.4 %	6.9 %	8.1 %	9.9 %	11.5 %
Dividend yield	0.0 %	0.0 %	0.0 %	0.6 %	1.5 %	2.7 %	4.0 %

Source: Company data, Hauck & Aufhäuser

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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 27/08/14**

Initiation coverage
14-April-11



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