

27 August 2014

Nabaltec

Germany

Small & Mid Caps

The heat is on – Solid trend for second half 2014 expected

- 2Q14 results were solid and in-line with estimates.** The company reported a 6.5% sales increase to EUR 36.2mn in 2Q14 (Baader (E) EUR 36mn). The EBIT reached EUR 3.6mn, slightly above our EUR 3.5mn estimate. Management confirmed its conservative guidance, which predicts a mid single-digit percentage sales increase (Baader (E) +7.2%) and an EBIT margin at the previous year's level (EBIT margin 2013E 7.9% vs. Baader 2014E 8.4%).
- Expectation of good 2H14 and lower financial line trigger upgrades.** The positive statements for the second half 2014E (and for the Technical Ceramics division in particular) triggered slight upgrades to our estimates. As a result, our 2014E EBIT assumption improves by 2.1% and EPS increases by 10.1% to EUR 0.59 (previous: EUR 0.53) helped by a lower financial burden, which is the result of the company's refinancing that became effective in 1H14.
- New price target EUR 16 – reiterate Buy rating.** Our adjustments post the 2Q14 numbers release trigger higher fair values from our DCF and SOTP models, leading to an overall higher target price of EUR 16.00 vs. previous EUR 13.25. Given the upside potential of about 48%, we keep our Buy rating on the stock.

	2012	2013	2014E	2015E	2016E
Sales (EUR mn)	129.2	132.9	142.5	153.1	164.0
EBITDA (EUR mn)	18.8	19.8	21.5	24.0	26.5
EBIT reported (EUR mn)	10.0	10.5	12.0	14.2	16.4
EBIT adjusted (EUR mn)	10.0	10.5	12.0	14.2	16.4
Net income (EUR mn)	2.1	2.6	4.7	6.7	8.6
EPS reported (EUR)	0.26	0.33	0.59	0.83	1.07
EPS adjusted (EUR)	0.26	0.33	0.59	0.83	1.07
DPS (EUR)	0.00	0.06	0.12	0.25	0.30
Dividend yield (%)	0.0	0.6	1.1	2.3	2.8
P/E adjusted (x)	27.2	22.2	18.3	13.0	10.1
P/BV (x)	1.2	1.2	1.5	1.3	1.2
EV/Sales (x)	1.0	1.0	1.0	0.9	0.7
EV/EBITDA (x)	6.8	6.5	6.6	5.5	4.6
EV/EBIT (x)	12.7	12.1	11.8	9.3	7.4
Net debt/EBITDA (x)	2.9	2.6	1.7	1.0	0.4

Source: Company data, Baader Bank AG Equity Research

Buy (prev. Buy)

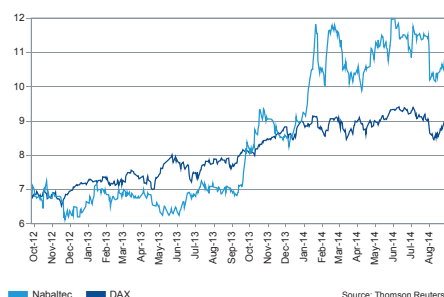
Closing price as of 26-Aug-14	EUR 10.78
High/Low (12M)	12.00/6.83
Target price (prev. EUR 13.25)	EUR 16.00
Upside to target price (%)	48.4
Expected dividend yield (%)	0.6
Total return potential (%)	49.0
Risk category	2

Reuters/Bloomberg	NTGG.DE/NTG GY
Avg. daily turnover (EUR mn)	0.0
Free float (%)	38.2
Market cap. (EUR mn)	86
No. of shares issued (mn)	8.0

Events

Annual general meeting	Jun-2015
9M/3Q	25-Nov-2014
Shareholders	Heckmann family 31.95% Witzany family 29.87%

Price relative to Index



Performance (%)	1M	3M	6M
Absolute	-6.2	-3.8	-6.1
rel. DAX	-5.6	-0.7	-5.4
rel. STOXX Europe 600	-6.5	-3.6	-7.7
rel. SXXP Chemicals	-7.4	-1.6	-7.4

Changes in estimates

EUR mn	2014E (prev.)	Delta (%)	2015E (prev.)	Delta (%)
Sales	139.5	2.1	149.9	2.2
EBIT adj.	11.8	1.6	14.0	2.0
EPS adj. (EUR)	0.53	11.3	0.81	2.5

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