

## Chemicals

### Nabaltec

Germany

#### Small & Mid Caps

#### Solid 3Q14 results only trigger marginal fine-tuning

- Investment case:** Nabaltec's shares experienced a setback in-line with the overall stock market's recent drop. However, Nabaltec's stock has recovered since but still is not expensive. Given the good medium to long-term prospects that are also supported by a EUR 20.6mn order backlog, we reiterate our EUR 16 target price and Buy rating.
- 3Q14 wrap-up:** Contrary to other players in the chemicals sector, Nabaltec proved resilient in 3Q14 and did not experience a weakening of demand. The company's results were largely in-line with our estimates; group sales increased by 8.1% and reached EUR 36.5mn bang in-line with our expectation, while our EBIT assumption of EUR 3.7mn was a notch below the reported EUR 3.8mn estimate, thereby reflecting a 10.4% margin, which was 20bps above our assumption. However, a higher-than-assumed tax burden spoiled the party at the bottom line, leading to an EPS of EUR 0.20 vs. our EUR 0.22 estimate. The order backlog improved by 24.8% yoy in 3Q14 to EUR 20.6mn, mirroring a 38.3% compared to the backlog at year-end 2013.
- Outlook for 2015E:** We do not expect a major change in Nabaltec's business next year, but rather assume more of the same in 2015E. However, the situation with MAL Magyar in Hungary may be resolved until year-end 2015E. Currently it is not clear whether or not the Hungarian competitor will go out of business; an exit of the MAL should have positive pricing implications for Nabaltec.
- Valuation & estimate changes:** Given Nabaltec's 3Q14 results were largely in-line with our estimates, we only fine-tune our 2014E numbers (group EBIT -0.2%), but leave our assumptions for the following years unchanged. The minor changes have no impact on our DCF model, which still produces a fair value of EUR 16.

	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	0.8	1.0	2.0	2.4
P/E adjusted (x)	27.2	22.2	21.0	14.9	11.6
P/BV (x)	1.2	1.2	1.8	1.5	1.3
EV/Sales (x)	1.0	1.0	1.1	1.0	0.8
EV/EBITDA (x)	6.8	6.5	7.2	6.1	5.1
EV/EBIT (x)	12.7	12.1	13.0	10.2	8.2
Net debt/EBITDA (x)	2.9	2.6	1.7	1.0	0.4

Source: Company data, Baader-Helvia Equity Research

#### Buy (prev. Buy)

Closing price as of 11-Dec-14	EUR 12.40
High/Low (12M)	12.40/8.54
<b>Target price (prev. EUR 16.00)</b>	<b>EUR 16.00</b>
Upside to target price (%)	29.0
Expected dividend yield (%)	0.8
Total return potential (%)	29.8
Risk category	2

Reuters/Bloomberg	NTGG.DE/NTG GY
Avg. daily turnover (EUR mn)	0.1
Free float (%)	38.2
Market cap. (EUR mn)	99
No. of shares issued (mn)	8.0

#### Events

Annual general meeting	30-Jun-2015
4Q	30-Apr-2015
Shareholders	Heckmann family 31.95%, Witzany family 29.87%

#### Price relative to Index



Performance (%)	1M	3M	6M
Absolute	19.7	17.0	8.8
rel. DAX	14.5	15.3	9.6
rel. STOXX Europe 600	19.6	18.5	11.2
rel. SXXP Chemicals	16.6	14.5	9.1

#### Changes in estimates

EUR mn	2014E (prev.)	Delta (%)	2015E (prev.)	Delta (%)
Sales	142.5	0.0	153.1	0.0
EBIT adj.	12.0	-0.2	14.2	0.0
EPS adj. (EUR)	0.59	0.0	0.83	0.0

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