

2 March 2015

## Nabaltec

Germany

### Small & Mid Caps

Reuters: NTGG.DE Bloomberg: NTG GY

### Buy

Closing price as of  
27-Feb-15 EUR 14.23

**Target price EUR 16.50**

High/Low (12M) EUR 14.45/8.80

Market cap. EUR mn 114

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## Preliminary 2014 results confirm our investment case – Reiterate Buy

### Our conclusion

- Nabaltec released preliminary sales and operating result above our estimates. Furthermore, the outlook – which usually is more conservative at the beginning of the year – predicts mid single-digit top line growth, while the margin should remain at the previous year's level, i.e. at about 9%. This is largely in line with the estimates in our models.
- The preliminary numbers confirm our positive view and thereby the investment case. We therefore reiterate our EUR 16.50 target price and Buy recommendation.

### Facts & Analysis

- Nabaltec's full year 2014 **group sales** increased by 7.8% to EUR 143.3mn, slightly above our EUR 142.5mn estimate. Meanwhile the EBITDA of EUR 12.7mn (+21%) exceeded our EUR 12mn estimate, reflecting a 100bps margin increase 8.9% (Baader (E) 8.4%). This means that the final quarter saw a certain seasonal slowdown, but did not experience a dip. Sales in 4Q14 increased by 11.6% to EUR 33.8mn vs. our EUR 32.9mn estimate. The group EBIT margin improved to 6.8% vs. 4.9% in the previous year (Baader (E) 4.8%). This also had an effect on the company's 2014 EPS, which reached EUR 0.69, well above our EUR 0.59 estimate.
- The **Functional Filler** division was the main contributor to the good evolution of Nabaltec's good final quarter, with demand for flame retardants from the cable industry being the main driver. Sales in the final quarter 2014E increased by 11.8% to EUR 23.6mn in line with our EUR 23.7mn estimate. However, the division was able to generate an EBITDA margin of 15.3% (+150bps), translating into an operating result of EUR 3.6mn vs. our EUR 2.9mn estimate.
- After a relatively slow progression 1H14 demands for **Technical Ceramics** exceeded our expectations in the final quarter 2014. Sales in 4Q14 increased by 11.1% to EUR 10.3mn above our EUR 9.3mn estimate, while the EBITDA EUR 1.1mn vs. our EUR 0.9mn expectation. This means that the division reached a 10.3% EBITDA margin vs. our 9.5% estimate and was 40bps above the previous year.

### Nabaltec key divisional numbers

Key divisional numbers		4Q14	Baader (E)	4Q13	yoy (%)	2Q14	qoq (%)
<b>Functional Fillers</b>							
Sales	EUR mn	23.6	23.7	21.1	11.8	24.9	-5.3
EBITDA	EUR mn	3.6	2.9	2.9	24.4	5.0	-27.3
<b>Technical Ceramics</b>							
Sales	EUR mn	10.3	9.3	9.2	11.1	11.7	-11.9
EBITDA	EUR mn	1.1	0.9	0.9	17.7	1.3	-17.1

Source: Company data, Baader-Helvea Equity Research