

Chemicals

Nabaltec

Germany

Nabaltec is expected to deliver solid results again

- Investment story:** Nabaltec's story remains unchanged and demand for the company's functional fillers and above all flame retardants remains unabated. This is positive news in the current environment that seems under the spell of an overall economic slowdown not only in developed regions but also in Emerging markets. Obviously Nabaltec is able to effectively place its environmentally friendly products. Meanwhile, the Technical Ceramics division continues to recover.
- 3Q15 quarterly results release:** The Functional Filler division's sales were slightly below our estimates in 2Q15, while the EBIT fell clearly short of estimates. However, the slip in the last quarter was caused by repair work that caused a EUR 0.5mn miss vs. our EBIT estimate. We now expect a catch-up effect in 3Q15 and as a result a better margin as utilization rates most certainly were higher. We assume sales of EUR 27mn for the division and an EBIT of EUR 2.7mn, reflecting a 10% margin. For Technical Ceramics we assume business as usual, which also means an ongoing top-line and margin recovery. An again positive quarterly results release for 3Q15 would probably trigger higher full-year 2015E estimates, but for the time being we remain on the safe side and keep our assumptions as the division experienced several slips in the second half of the year in the past – and this is by the way true for both divisions. Nevertheless, we expect Technical Ceramics to deliver EUR 12mn sales and an EBIT of EUR 1.1mn translating into a 9% (+420bps) operating margin.
- Valuation:** Nabaltec delivered a strong performance in recent months and the current misery on global stock markets could not impress the stock price evolution at all; the share price did not only outperform relevant indices, but also continued to increase in absolute terms. We reiterate our Buy recommendation on the stock.

	2013	2014	2015E	2016E	2017E
Sales (EUR mn)	132.9	143.3	154.0	169.1	182.9
EBITDA (EUR mn)	19.8	22.4	24.3	28.0	29.6
EBIT reported (EUR mn)	10.5	12.7	14.2	16.9	19.0
EBIT adjusted (EUR mn)	10.5	12.7	14.2	16.9	19.0
Net income (EUR mn)	2.6	5.5	6.6	8.5	9.9
EPS reported (EUR)	0.33	0.69	0.83	1.07	1.24
EPS adjusted (EUR)	0.33	0.69	0.83	1.07	1.24
DPS (EUR)	0.06	0.12	0.25	0.30	0.30
Dividend yield (%)	0.8	1.1	1.4	1.7	1.7
P/E adjusted (x)	22.2	15.9	21.2	16.4	14.2
P/BV (x)	1.2	1.7	2.2	1.9	1.7
EV/Sales (x)	1.0	1.1	1.3	1.2	1.0
EV/EBITDA (x)	6.5	7.0	8.5	7.1	6.4
EV/EBIT (x)	12.1	12.4	14.6	11.8	10.0
Net debt/EBITDA (x)	2.6	2.0	1.6	1.0	0.5

Source: Company data, Baader-Helvia Equity Research

Buy (prev. Buy)

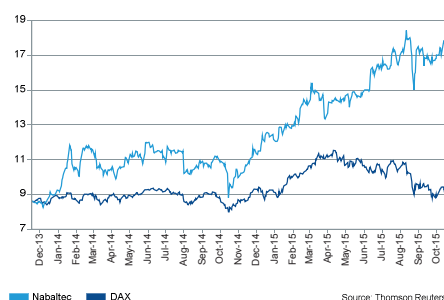
Closing price as of 15-Oct-15	EUR 17.60
High/Low (12M)	18.43/9.24
Target price (prev. EUR 17.50)	EUR 17.50
Upside to target price (%)	-0.6
Expected dividend yield (%)	1.4
Total return potential (%)	0.8
Risk category	2

Reuters/Bloomberg	NTGG.DE/NTG GY
Avg. daily turnover (EUR mn)	0.1
Free float (%)	38.2
Market cap. (EUR mn)	141
No. of shares issued (mn)	8.0

Events

Annual general meeting	Jun-2016
9M/3Q	24-Nov-2015
Shareholders	Heckmann family 31.95%, Witzany family 29.87%

Price relative to Index



Performance (%)	1M	3M	6M
Absolute	3.6	7.4	21.8
rel. DAX	4.8	20.2	39.5
rel. STOXX Europe 600	2.3	17.1	34.6
rel. SXXP Chemicals	6.0	23.4	41.3

Changes in estimates

EUR mn	2015E (prev.)	Delta (%)	2016E (prev.)	Delta (%)
Sales	154.0	0.0	169.1	0.0
EBIT adj.	14.2	0.0	16.9	0.0
EPS adj. (EUR)	0.83	0.0	1.07	0.0
DPS (EUR)	0.25	0.0	0.30	0.0

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