

**Buy** (old: Buy)

**Price target: EUR 20.00** (old: EUR 20.00)

<b>Price:</b>	EUR 16.99	<b>Next result:</b>	FY 2015 29.04.16
<b>Bloomberg:</b>	NTG GR	<b>Market cap:</b>	EUR 135.9 m
<b>Reuters:</b>	NTGG.DE	<b>Enterprise Value:</b>	EUR 200.7 m

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### Softer dynamic in Q3 temporary / current trading very sound

Nabaltec reported Q3 results showing an **increase in sales by c. 3% yoy to € 37.6m** (eH&A 37.5m). The main reason for the slow down compared to H1 (+6.5% yoy in H1) has been delivery postponements into Q4 as the company had to perform maintenance jobs at some aggregates in Functional Fillers negatively impacting production throughput. As a result, sales in Functional Fillers were only flat at € 25m. In contrast, Nabaltec was able to gain market share in Technical Ceramics explaining the sound sales increase of 10% yoy to € 12.8m. (*Quarterly table on page 2*)

Due to a positive FX related one-off to the tune of € 1m in Q3 '14 (valuation of balance sheet items), **reported EBIT was down 30% yoy to € 2.6m** (eH&A € 2.8m), still implying a healthy EBIT margin of 7% in Q3.

On a **9m basis, sales increased by 5.3% yoy, EBIT by 12.5% and EBT by 22.0%** reflecting solid demand growth and the operational as well as financial leverage. Moreover, the financial result benefited from the re-financing initiated in Q1. Net income was up 14.9% yoy somewhat biased by a normalised tax rate of 31% (28% last year).

Most importantly, the **order book was up 14% yoy at the end of September** boding well for Q4 and management indicated that in fact growth has been significantly stronger in Q4 so far compared to Q3. Against this backdrop, **management confirmed its guidance** to increase group sales by a mid single digit rate (eH&A 5%) and to increase the EBIT margin to around 10% (eH&A 9.7%).

Very positively, **cash flow from operations was impressive in the 9m period arriving at € 22.1m**, also benefiting from a slight relief on w/c (€ 3.5m). CFO was more than sufficient to cover cash interest costs of € 1.6m and capex of € 10.2m. Hence, **FCF came in at € 10.3m and net debt declined by € 82m to € 35.9m**.

**Results and the sound development of the order book confirm our investment case which is built on** 1) the globally structural growing demand for environmental friendly flame retardants (in cables and other applications), 2) Nabaltec's global leading position in this oligopolistic market characterised by high entry barriers and 3) the potential to strongly de-leverage as the cash flow profile has improved significantly.

**Remains a BUY, PT € 20 based on 2017E continued...**

Y/E 31.12 (EUR m)	2011	2012	2013	2014	2015E	2016E	2017E
Sales	129.0	129.2	132.9	143.3	150.0	160.6	170.2
Sales growth	14 %	0 %	3 %	8 %	5 %	7 %	6 %
EBITDA	20.6	18.8	19.8	22.4	24.6	26.8	29.3
EBIT	12.5	10.0	10.5	12.7	14.6	16.8	19.3
Net income	3.6	2.1	2.6	5.5	7.2	8.8	10.7
Net debt	60.7	55.2	50.8	44.2	39.5	31.7	22.5
Net gearing	121.4 %	111.7 %	99.4 %	83.9 %	65.8 %	46.4 %	28.9 %
Net Debt/EBITDA	2.9	2.9	2.6	2.0	1.6	1.2	0.8
EPS pro forma	0.45	0.26	0.33	0.69	0.90	1.09	1.33
CPS	0.27	1.31	0.17	1.25	1.58	1.29	1.55
DPS	0.00	0.00	0.06	0.12	0.18	0.27	0.40
Dividend yield	0.0 %	0.0 %	0.4 %	0.7 %	1.1 %	1.6 %	2.4 %
Gross profit margin	48.8 %	48.0 %	48.7 %	47.4 %	48.3 %	48.6 %	48.6 %
EBITDA margin	15.9 %	14.6 %	14.9 %	15.6 %	16.4 %	16.7 %	17.2 %
EBIT margin	9.7 %	7.8 %	7.9 %	8.8 %	9.7 %	10.5 %	11.4 %
ROCE	9.1 %	7.3 %	7.3 %	8.4 %	9.8 %	11.5 %	13.1 %
EV/sales	1.6	1.6	1.5	1.4	1.3	1.2	1.1
EV/EBITDA	10.2	11.1	10.4	9.2	8.2	7.2	6.3
EV/EBIT	16.8	20.8	19.5	16.2	13.8	11.5	9.5
PER	37.4	66.0	51.4	24.7	18.8	15.5	12.7
Adjusted FCF yield	5.5 %	4.9 %	5.2 %	5.8 %	6.4 %	7.3 %	8.6 %

Source: Company data, Hauck & Aufhäuser Close price as of: 25.11.2015



Source: Company data, Hauck & Aufhäuser

<b>High/low 52 weeks:</b>	18.43 / 11.29
<b>Price/Book Ratio:</b>	2.3
<b>Relative performance (SDAX):</b>	
3 months	-0.4 %
6 months	15.6 %
12 months	22.9 %

#### Changes in estimates

		Sales	EBIT	EPS
2015	old:	150.0	14.6	0.90
	Δ	-	-	-
2016	old:	160.6	16.8	1.09
	Δ	-	-	-
2017	old:	170.2	19.3	1.33
	Δ	-	-	-

#### Key share data:

Number of shares: (in m pcs)	8.0
Authorised capital: (in € m)	4.0
Book value per share: (in €)	7.5
Ø trading volume: (12 months)	20,000

#### Major shareholders:

Free Float	38.6 %
Family Heckmann	31.5 %
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.

## Quarterly table

	Q3 2015	Q3 2015 est	Q3 2014	yoy	9M 2015	9M 2014	yoy
<b>Sales</b>	<b>37.6</b>	<b>37.5</b>	<b>36.5</b>	2.9%	<b>115.4</b>	<b>109.6</b>	5.3%
Functional Fillers	24.8		24.9	-0.3%	78.5	75.3	4.2%
Technical Ceramics	12.8		11.7	9.8%	36.9	34.2	7.9%
<b>Gross profit</b>	<b>17.4</b>	<b>17.4</b>	<b>17.0</b>	2.7%	<b>55.2</b>	<b>51.6</b>	7.0%
Gross margin	46.3%	46.5%	46.4%	- 0.1 pp	47.8%	47.1%	+ 0.8 pp
<b>EBITDA</b>	<b>5.2</b>	<b>5.3</b>	<b>6.2</b>	-16.5%	<b>19.2</b>	<b>17.6</b>	9.1%
EBITDA margin	13.9%	14.2%	17.1%	- 3.2 pp	16.7%	16.1%	+ 0.6 pp
<b>EBIT</b>	<b>2.6</b>	<b>2.8</b>	<b>3.8</b>	-30.3%	<b>11.7</b>	<b>10.4</b>	12.2%
EBIT margin	7.0%	7.6%	10.4%	- 3.4 pp	10.1%	9.5%	+ 0.6 pp
Functional Fillers	8.9%		13.0%	- 4.2 pp	11.1%	11.5%	- 0.4 pp
Technical Ceramics	3.5%		4.8%	- 1.3 pp	8.0%	5.1%	+ 2.9 pp
<b>Net Profit</b>	<b>1.1</b>	<b>1.1</b>	<b>1.6</b>	-31.4%	<b>5.4</b>	<b>4.7</b>	14.8%
Net margin	2.9%	3.0%	4.3%	- 1.4 pp	4.7%	4.3%	+ 0.4 pp
<b>EPS</b>	<b>0.14</b>	<b>0.14</b>	<b>0.20</b>	-31.4%	<b>0.67</b>	<b>0.59</b>	14.8%

Source: Company data; Hauck & Aufhäuser

## Financials

Profit and loss (EUR m)	2011	2012	2013	2014	2015E	2016E	2017E
<b>Net sales</b>	<b>129.0</b>	<b>129.2</b>	<b>132.9</b>	<b>143.3</b>	<b>150.0</b>	<b>160.6</b>	<b>170.2</b>
<i>Sales growth</i>	14.5 %	0.1 %	2.9 %	7.8 %	4.6 %	7.0 %	6.0 %
Increase/decrease in finished goods and work-in-process	3.7	0.1	1.4	-0.3	0.0	0.0	-0.4
<b>Total sales</b>	<b>132.8</b>	<b>129.4</b>	<b>134.3</b>	<b>143.0</b>	<b>150.0</b>	<b>160.6</b>	<b>169.8</b>
Other operating income	1.4	1.7	1.3	2.6	2.5	1.3	1.4
Material expenses	69.8	67.3	69.6	75.1	77.6	82.5	87.3
Personnel expenses	21.0	21.8	22.5	25.4	27.0	27.9	28.9
Other operating expenses	22.9	23.2	23.8	22.7	23.4	24.6	25.6
Total operating expenses	112.2	110.5	114.6	120.6	125.5	133.8	140.5
<b>EBITDA</b>	<b>20.6</b>	<b>18.8</b>	<b>19.8</b>	<b>22.4</b>	<b>24.6</b>	<b>26.8</b>	<b>29.3</b>
Depreciation	8.0	8.8	9.2	9.7	10.0	10.0	10.0
<b>EBITA</b>	<b>12.5</b>	<b>10.0</b>	<b>10.5</b>	<b>12.7</b>	<b>14.6</b>	<b>16.8</b>	<b>19.3</b>
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
<b>EBIT</b>	<b>12.5</b>	<b>10.0</b>	<b>10.5</b>	<b>12.7</b>	<b>14.6</b>	<b>16.8</b>	<b>19.3</b>
Interest income	0.6	0.4	0.3	0.2	0.1	0.0	0.1
Interest expenses	6.9	6.3	6.2	4.3	3.7	3.3	3.1
Other financial result	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-6.4	-5.9	-5.9	-4.2	-3.6	-3.3	-3.0
<b>Recurring pretax income from continuing operations</b>	<b>6.2</b>	<b>4.1</b>	<b>4.7</b>	<b>8.5</b>	<b>11.0</b>	<b>13.5</b>	<b>16.3</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>6.2</b>	<b>4.1</b>	<b>4.7</b>	<b>8.5</b>	<b>11.0</b>	<b>13.5</b>	<b>16.3</b>
Taxes	1.6	1.1	0.9	2.5	3.1	3.8	4.7
<b>Net income from continuing operations</b>	<b>4.5</b>	<b>3.0</b>	<b>3.7</b>	<b>6.1</b>	<b>7.8</b>	<b>9.7</b>	<b>11.7</b>
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>4.5</b>	<b>3.0</b>	<b>3.7</b>	<b>6.1</b>	<b>7.8</b>	<b>9.7</b>	<b>11.7</b>
Minority interest	0.9	1.0	1.1	0.6	0.6	0.9	1.0
<b>Net income (net of minority interest)</b>	<b>3.6</b>	<b>2.1</b>	<b>2.6</b>	<b>5.5</b>	<b>7.2</b>	<b>8.8</b>	<b>10.7</b>
Average number of shares	8.0	8.0	8.0	8.0	8.0	8.0	8.0
<b>EPS reported</b>	<b>0.44</b>	<b>0.26</b>	<b>0.33</b>	<b>0.69</b>	<b>0.90</b>	<b>1.09</b>	<b>1.33</b>

Profit and loss (common size)	2011	2012	2013	2014	2015E	2016E	2017E
<b>Net sales</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Increase/decrease in finished goods and work-in-process	2.9 %	0.1 %	1.0 %	-0.2 %	0.0 %	0.0 %	-0.2 %
<b>Total sales</b>	<b>102.9 %</b>	<b>100.1 %</b>	<b>101.0 %</b>	<b>99.8 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>99.8 %</b>
Other operating income	1.1 %	1.3 %	1.0 %	1.8 %	1.7 %	0.8 %	0.8 %
Material expenses	54.1 %	52.1 %	52.4 %	52.4 %	51.7 %	51.4 %	51.3 %
Personnel expenses	16.3 %	16.8 %	16.9 %	17.7 %	18.0 %	17.4 %	17.0 %
Other operating expenses	17.7 %	17.9 %	17.9 %	15.8 %	15.6 %	15.3 %	15.1 %
Total operating expenses	87.0 %	85.5 %	86.2 %	84.2 %	83.6 %	83.3 %	82.5 %
<b>EBITDA</b>	<b>15.9 %</b>	<b>14.6 %</b>	<b>14.9 %</b>	<b>15.6 %</b>	<b>16.4 %</b>	<b>16.7 %</b>	<b>17.2 %</b>
Depreciation	6.2 %	6.8 %	6.9 %	6.8 %	6.7 %	6.2 %	5.9 %
<b>EBITA</b>	<b>9.7 %</b>	<b>7.8 %</b>	<b>7.9 %</b>	<b>8.8 %</b>	<b>9.7 %</b>	<b>10.5 %</b>	<b>11.4 %</b>
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 %
<b>EBIT</b>	<b>9.7 %</b>	<b>7.8 %</b>	<b>7.9 %</b>	<b>8.8 %</b>	<b>9.7 %</b>	<b>10.5 %</b>	<b>11.4 %</b>
Interest income	0.4 %	0.3 %	0.2 %	0.1 %	0.1 %	0.0 %	0.1 %
Interest expenses	5.4 %	4.9 %	4.6 %	3.0 %	2.5 %	2.1 %	1.8 %
Other financial result	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	-4.9 %	-4.6 %	-4.4 %	-2.9 %	-2.4 %	-2.1 %	-1.8 %
<b>Recurring pretax income from continuing operations</b>	<b>4.8 %</b>	<b>3.2 %</b>	<b>3.5 %</b>	<b>5.9 %</b>	<b>7.3 %</b>	<b>8.4 %</b>	<b>9.6 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>4.8 %</b>	<b>3.2 %</b>	<b>3.5 %</b>	<b>5.9 %</b>	<b>7.3 %</b>	<b>8.4 %</b>	<b>9.6 %</b>
Tax rate	26.7 %	26.8 %	20.2 %	28.8 %	28.5 %	28.5 %	28.5 %
<b>Net income from continuing operations</b>	<b>3.5 %</b>	<b>2.3 %</b>	<b>2.8 %</b>	<b>4.2 %</b>	<b>5.2 %</b>	<b>6.0 %</b>	<b>6.9 %</b>
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net income</b>	<b>3.5 %</b>	<b>2.3 %</b>	<b>2.8 %</b>	<b>4.2 %</b>	<b>5.2 %</b>	<b>6.0 %</b>	<b>6.9 %</b>
Minority interest	0.7 %	0.7 %	0.8 %	0.4 %	0.4 %	0.6 %	0.6 %
<b>Net income (net of minority interest)</b>	<b>2.8 %</b>	<b>1.6 %</b>	<b>2.0 %</b>	<b>3.8 %</b>	<b>4.8 %</b>	<b>5.5 %</b>	<b>6.3 %</b>

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2011	2012	2013	2014	2015E	2016E	2017E
<b>Intangible assets</b>	<b>0.2</b>	<b>0.2</b>	<b>0.2</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>	<b>0.4</b>
Property, plant and equipment	116.4	116.0	111.8	112.0	117.0	116.0	115.0
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>FIXED ASSETS</b>	<b>116.6</b>	<b>116.2</b>	<b>112.0</b>	<b>112.4</b>	<b>117.4</b>	<b>116.4</b>	<b>115.4</b>
Inventories	26.3	23.6	26.2	27.5	25.0	26.8	28.4
Accounts receivable	2.2	3.4	4.3	4.6	4.8	5.1	5.4
Other current assets	2.9	3.4	3.8	7.0	7.0	7.0	7.0
Liquid assets	16.3	14.3	29.7	27.2	20.5	18.4	22.6
Deferred taxes	0.9	0.6	0.3	0.1	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
<b>CURRENT ASSETS</b>	<b>48.8</b>	<b>45.3</b>	<b>64.2</b>	<b>66.4</b>	<b>57.2</b>	<b>57.2</b>	<b>63.3</b>
<b>TOTAL ASSETS</b>	<b>165.4</b>	<b>161.5</b>	<b>176.3</b>	<b>178.8</b>	<b>174.6</b>	<b>173.6</b>	<b>178.7</b>
SHAREHOLDERS EQUITY	50.0	49.4	51.1	52.6	60.1	68.3	77.8
MINORITY INTEREST	-3.1	-2.0	-0.8	-0.2	0.0	0.0	0.0
Long-term debt	68.9	59.9	70.6	61.4	50.0	40.0	35.0
Provisions for pensions and similar obligations	13.7	17.8	18.9	25.3	25.3	25.3	25.3
Other provisions	0.7	1.3	1.6	2.4	1.4	1.4	1.4
<b>Non-current liabilities</b>	<b>83.3</b>	<b>79.0</b>	<b>91.1</b>	<b>89.0</b>	<b>76.7</b>	<b>66.7</b>	<b>61.7</b>
short-term liabilities to banks	8.1	9.7	9.9	10.0	10.0	10.0	10.0
Accounts payable	10.0	10.4	8.7	9.9	10.4	11.1	11.8
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)	13.2	11.9	13.3	15.9	15.9	15.9	15.9
Deferred taxes	3.8	3.1	2.9	1.5	1.5	1.5	1.5
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>35.2</b>	<b>35.0</b>	<b>34.8</b>	<b>37.4</b>	<b>37.8</b>	<b>38.6</b>	<b>39.2</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>165.4</b>	<b>161.5</b>	<b>176.2</b>	<b>178.8</b>	<b>174.6</b>	<b>173.6</b>	<b>178.7</b>

Balance sheet (common size)	2011	2012	2013	2014	2015E	2016E	2017E
<b>Intangible assets</b>	<b>0.1 %</b>	<b>0.1 %</b>	<b>0.1 %</b>	<b>0.2 %</b>	<b>0.2 %</b>	<b>0.2 %</b>	<b>0.2 %</b>
Property, plant and equipment	70.4 %	71.8 %	63.4 %	62.6 %	67.0 %	66.8 %	64.3 %
Financial assets	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>FIXED ASSETS</b>	<b>70.5 %</b>	<b>72.0 %</b>	<b>63.6 %</b>	<b>62.8 %</b>	<b>67.2 %</b>	<b>67.1 %</b>	<b>64.6 %</b>
Inventories	15.9 %	14.6 %	14.9 %	15.4 %	14.3 %	15.4 %	15.9 %
Accounts receivable	1.4 %	2.1 %	2.4 %	2.5 %	2.7 %	2.9 %	3.0 %
Other current assets	1.8 %	2.1 %	2.1 %	3.9 %	4.0 %	4.0 %	3.9 %
Liquid assets	9.9 %	8.9 %	16.8 %	15.2 %	11.7 %	10.6 %	12.6 %
Deferred taxes	0.6 %	0.3 %	0.2 %	0.1 %	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 %
<b>CURRENT ASSETS</b>	<b>29.5 %</b>	<b>28.0 %</b>	<b>36.4 %</b>	<b>37.1 %</b>	<b>32.8 %</b>	<b>32.9 %</b>	<b>35.4 %</b>
<b>TOTAL ASSETS</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
SHAREHOLDERS EQUITY	30.2 %	30.6 %	29.0 %	29.4 %	34.4 %	39.4 %	43.5 %
MINORITY INTEREST	-1.9 %	-1.2 %	-0.4 %	-0.1 %	0.0 %	0.0 %	0.0 %
Long-term debt	41.7 %	37.1 %	40.0 %	34.3 %	28.6 %	23.0 %	19.6 %
Provisions for pensions and similar obligations	8.3 %	11.0 %	10.7 %	14.1 %	14.5 %	14.6 %	14.1 %
Other provisions	0.4 %	0.8 %	0.9 %	1.3 %	0.8 %	0.8 %	0.8 %
<b>Non-current liabilities</b>	<b>50.4 %</b>	<b>48.9 %</b>	<b>51.7 %</b>	<b>49.8 %</b>	<b>43.9 %</b>	<b>38.4 %</b>	<b>34.5 %</b>
short-term liabilities to banks	4.9 %	6.0 %	5.6 %	5.6 %	5.8 %	5.8 %	5.6 %
Accounts payable	6.1 %	6.4 %	4.9 %	5.5 %	5.9 %	6.4 %	6.6 %
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)	8.0 %	7.3 %	7.5 %	8.9 %	9.1 %	9.2 %	8.9 %
Deferred taxes	2.3 %	1.9 %	1.6 %	0.8 %	0.9 %	0.9 %	0.8 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Current liabilities</b>	<b>21.3 %</b>	<b>21.7 %</b>	<b>19.7 %</b>	<b>20.9 %</b>	<b>21.7 %</b>	<b>22.2 %</b>	<b>22.0 %</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>

Source: Company data, Hauck & Aufhäuser

Cash flow statement (EUR m)	2011	2012	2013	2014	2015E	2016E	2017E
Net profit/loss	4.5	3.0	3.7	6.1	7.8	9.7	11.7
Depreciation of fixed assets (incl. leases)	8.0	8.8	9.2	9.7	10.0	10.0	10.0
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	2.8	2.5	2.2	2.1	0.0	0.0	0.0
Cash flow from operations before changes in w/c	15.4	14.3	15.1	17.9	17.8	19.7	21.7
Increase/decrease in inventory	-4.9	2.7	-2.6	-1.3	2.5	-1.8	-1.6
Increase/decrease in accounts receivable	-0.6	-1.6	-1.3	-0.3	-0.2	-0.3	-0.3
Increase/decrease in accounts payable	-1.2	1.6	-2.9	1.2	0.5	0.7	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	-6.8	2.7	-6.8	-0.4	2.8	-1.4	-1.2
<b>Cash flow from operating activities</b>	<b>8.6</b>	<b>17.0</b>	<b>8.3</b>	<b>17.5</b>	<b>20.6</b>	<b>18.3</b>	<b>20.4</b>
CAPEX	15.4	10.6	2.6	10.0	15.0	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
<b>Cash flow from investing activities</b>	<b>-15.4</b>	<b>-10.6</b>	<b>-2.6</b>	<b>-10.0</b>	<b>-15.0</b>	<b>-9.0</b>	<b>-9.0</b>
Cash flow before financing	-6.8	6.4	5.8	7.5	5.6	9.3	11.4
Increase/decrease in debt position	-5.6	-8.4	9.7	-10.0	-11.4	-10.0	-5.0
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	0.5	1.0	1.4	2.2
Others	0.0	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
<b>Cash flow from financing activities</b>	<b>-5.6</b>	<b>-8.4</b>	<b>9.7</b>	<b>-10.4</b>	<b>-12.3</b>	<b>-11.4</b>	<b>-7.2</b>
Increase/decrease in liquid assets	-12.4	-2.0	15.5	-2.9	-6.7	-2.2	4.2
<b>Liquid assets at end of period</b>	<b>16.7</b>	<b>14.7</b>	<b>30.1</b>	<b>27.2</b>	<b>20.5</b>	<b>18.4</b>	<b>22.6</b>

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2011	2012	2013	2014	2015E	2016E	2017E
Domestic	40.7	40.0	40.9	40.7	41.0	42.0	43.0
yoy change	16.2 %	-1.7 %	2.2 %	-0.4 %	0.6 %	2.4 %	2.4 %
Rest of Europe	58.3	59.9	63.6	68.5	73.0	75.0	76.0
yoy change	16.2 %	2.7 %	6.2 %	7.8 %	6.5 %	2.7 %	1.3 %
NAFTA	16.8	14.8	14.4	18.0	20.0	23.0	25.0
yoy change	-2.1 %	-11.9 %	-2.3 %	24.8 %	11.0 %	15.0 %	8.7 %
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	13.3	14.4	14.0	16.0	16.0	20.6	26.2
yoy change	27.8 %	8.9 %	-3.1 %	14.7 %	-0.2 %	28.5 %	27.4 %
<b>TTL</b>	<b>129.0</b>	<b>129.1</b>	<b>132.9</b>	<b>143.3</b>	<b>150.0</b>	<b>160.6</b>	<b>170.2</b>
yoy change	14.5 %	0.1 %	2.9 %	7.8 %	4.6 %	7.0 %	6.0 %

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2011	2012	2013	2014	2015E	2016E	2017E
<b>P&amp;L growth analysis</b>							
Sales growth	14.5 %	0.1 %	2.9 %	7.8 %	4.6 %	7.0 %	6.0 %
EBITDA growth	43.6 %	-8.5 %	4.9 %	13.2 %	9.8 %	9.2 %	9.4 %
EBIT growth	91.3 %	-20.0 %	5.0 %	20.3 %	14.8 %	15.5 %	15.0 %
EPS growth	97.9 %	-41.5 %	28.5 %	107.6 %	31.6 %	21.1 %	21.8 %
<b>Efficiency</b>							
Total operating costs / sales	87.0 %	85.5 %	86.2 %	84.2 %	83.6 %	83.3 %	82.5 %
Sales per employee	328.3	317.5	320.3	345.4	357.1	377.8	395.8
EBITDA per employee	52.3	46.3	47.6	53.9	58.5	63.1	68.2
<b>Balance sheet analysis</b>							
Avg. working capital / sales	11.7 %	13.6 %	14.4 %	15.3 %	13.9 %	12.5 %	12.6 %
Inventory turnover (sales/inventory)	4.9	5.5	5.1	5.2	6.0	6.0	6.0
Trade debtors in days of sales	6.4	9.6	11.8	11.6	11.6	11.6	11.6
A/P turnover [(A/P*365)/sales]	28.4	29.4	23.9	25.3	25.3	25.3	25.3
Cash conversion cycle (days)	91.5	81.2	103.6	97.2	80.4	80.8	80.9
<b>Cash flow analysis</b>							
Free cash flow	-6.8	6.4	5.8	7.5	5.6	9.3	11.4
Free cash flow/sales	-5.2 %	5.0 %	4.4 %	5.2 %	3.8 %	5.8 %	6.7 %
FCF / net profit	-186.4 %	311.1 %	218.6 %	136.5 %	77.8 %	106.1 %	107.1 %
Capex / depre	191.5 %	120.4 %	27.8 %	103.1 %	150.0 %	90.0 %	90.0 %
Capex / maintenance capex	237.2 %	133.8 %	81.4 %	133.3 %	187.5 %	112.5 %	112.5 %
Capex / sales	11.9 %	8.2 %	1.9 %	7.0 %	10.0 %	5.6 %	5.3 %
<b>Security</b>							
Net debt	60.7	55.2	50.8	44.2	39.5	31.7	22.5
Net Debt/EBITDA	2.9	2.9	2.6	2.0	1.6	1.2	0.8
Net debt / equity	1.2	1.1	1.0	0.8	0.7	0.5	0.3
Interest cover	1.8	1.6	1.7	2.9	3.9	5.1	6.2
Dividend payout ratio	0.0 %	0.0 %	18.1 %	17.5 %	20.0 %	25.0 %	30.0 %
<b>Asset utilisation</b>							
Capital employed turnover	0.9	0.9	0.9	0.9	1.0	1.1	1.1
Operating assets turnover	1.0	1.0	1.0	1.1	1.1	1.2	1.2
Plant turnover	1.1	1.1	1.2	1.3	1.3	1.4	1.5
Inventory turnover (sales/inventory)	4.9	5.5	5.1	5.2	6.0	6.0	6.0
<b>Returns</b>							
ROCE	9.1 %	7.3 %	7.3 %	8.4 %	9.8 %	11.5 %	13.1 %
ROE	7.3 %	4.2 %	5.2 %	10.4 %	12.0 %	12.8 %	13.7 %
<b>Other</b>							
Interest paid / avg. debt	8.7 %	8.6 %	8.2 %	5.7 %	5.6 %	6.0 %	6.5 %
No. employees (average)	393	407	415	415	420	425	430
Number of shares	8.0	8.0	8.0	8.0	8.0	8.0	8.0
DPS	0.0	0.0	0.1	0.1	0.2	0.3	0.4
EPS reported	0.44	0.26	0.33	0.69	0.90	1.09	1.33
<b>Valuation ratios</b>							
P/BV	2.7	2.7	2.7	2.6	2.3	2.0	1.7
EV/sales	1.6	1.6	1.5	1.4	1.3	1.2	1.1
EV/EBITDA	10.2	11.1	10.4	9.2	8.2	7.2	6.3
EV/EBITA	16.8	20.8	19.5	16.2	13.8	11.5	9.5
EV/EBIT	16.8	20.8	19.5	16.2	13.8	11.5	9.5
EV/FCF	-31.1	32.6	35.6	27.4	35.7	20.8	16.1
Adjusted FCF yield	5.5 %	4.9 %	5.2 %	5.8 %	6.4 %	7.3 %	8.6 %
Dividend yield	0.0 %	0.0 %	0.4 %	0.7 %	1.1 %	1.6 %	2.4 %

Source: Company data, Hauck & Aufhäuser

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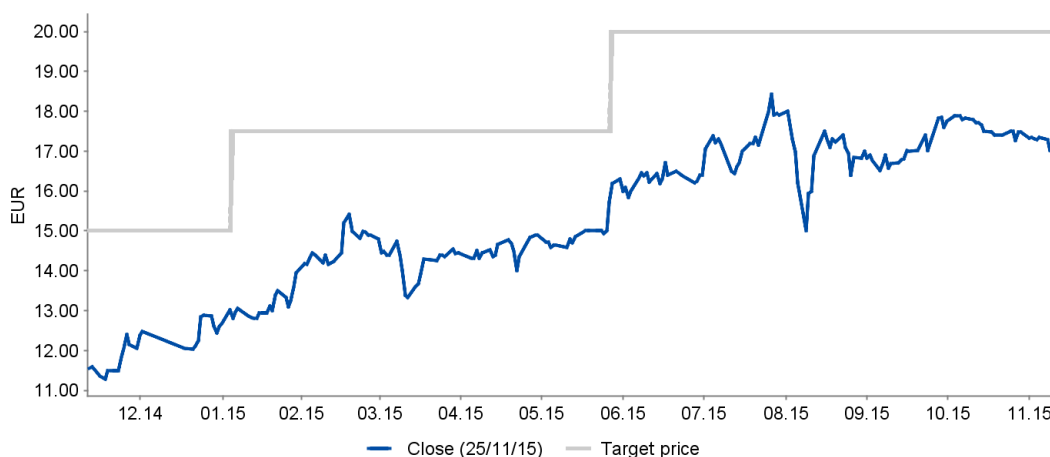
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Company	Disclosure
Nabaltec AG	2, 5

**Historical target price and rating changes for Nabaltec AG in the last 12 months**

**Price and Rating History  
Nabaltec AG as of 26/11/15**

**Initiation coverage**  
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