

25 February 2016

## Nabaltec

Germany

### Small & Mid Caps

Reuters: NTGG.DE Bloomberg: NTG GY

### Buy

Closing price as of  
24-Feb-16 EUR 14.45

**Target price EUR 17.50**

High/Low (12M) EUR 18.43/12.85

Market cap. EUR mn 116

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## Prelim 4Q15 EBIT slightly above estimates – Changes in top management

### Our conclusion

- Nabaltec released a good set of 4Q15 results with EBIT somewhat above our estimates despite sales were only marginally (0.8%) short of expectations. Still, group sales increased by 6.6% in the final quarter and 5.6% in the full year 2015, while the margin improved by 120bps in 4Q15 to 7.9% and by 80bps to 9.6% in the full year 2015. As a result the 4Q15 EPS of EUR 0.17 also exceeds our EUR 0.15 estimate.
- Gerhard Witzany will resign by year end due to age reasons. We believe that the transition to a new top management team (that already has been named) will be smooth and easy.
- Despite the company's good top line and margin progression the valuation is still low. This probably has to do with the relatively low market cap and only approx. 38% free float. But again, valuation is at 11.8x 2017E earnings and an EV/EBITDA of 5.7x attractive and we therefore reiterate our EUR 17.50 target price (approx. 21% upside potential) and Buy recommendation.

### Facts & Analysis

- Nabaltec's Functional Fillers division increased sales by 3.4% to EUR 102.3mn in the full year 2015, somewhat below our EUR 104.5mn estimate. Meanwhile, Technical ceramics achieved a 10.3% top line improvement to EUR 49.1mn in 2015, a notch above our EUR 48mn estimate. It seems that the division was able to improve the product mix. This also had an effect on profitability. In summary especially the Technical Ceramics experienced a strong recovery in the final quarter 2015, while Functional Fillers were somewhat short.
- Due to age reasons Gerhard Witzany will resign from the Management Board by year end. The Supervisory Board intends to extend the term of Johannes Heckmann by five years and appoint him as CEO as of 1 January 2017. His vocation to become CEO will ensure continuity in Nabaltec's business in our view. Günther Spitzer, currently Director Controlling/Finance, will become CFO and the current head of Functional Fillers Dr. Michael Klimes will become COO. In our view the management changes will not have any major impact on the company's operating performance.

### Nabaltec 4Q15 and full year 2015 key preliminary results vs. Baader-Helvea estimates

		2015	4Q15	Baader (E)	4Q14	yoy (%)	2Q15	qoq (%)
Gross sales	EUR mn	151.3	36.0	37.1	33.8	6.6	37.6	-4.4
EBITDA	EUR mn	24.7	5.5	5.4	4.7	15.3	5.2	4.9
D&A	EUR mn	10.2	2.6	2.6	2.5	6.7	2.6	2.7
EBIT	EUR mn	14.5	2.8	2.8	2.3	24.6	2.6	6.9
EPS	EUR	0.84	0.17	0.15	0.10	67.5	0.13	23.4

Source: Company data, Baader-Helvea Equity Research