

# Nabaltec

## Germany - Chemicals/ Specialty Chemicals



HAUCK & AUFHÄUSER  
PRIVATBANKIERS SEIT 1796

**Buy** (old: Buy)

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

<b>Price:</b>	EUR 14.49	<b>Next result:</b>	FY 2015 29.04.16
<b>Bloomberg:</b>	NTG GR	<b>Market cap:</b>	EUR 115.9 m
<b>Reuters:</b>	NTGG.DE	<b>Enterprise Value:</b>	EUR 181.2 m

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### Prel. Q4 in-line / solid start to the year

Nabaltec reported prel. Q4/FY results in-line with expectations. **Q4 sales were up by 6.4% yoy to € 36m** driven by Technical Ceramics which increased strongly by >18% yoy benefiting from a favourable product mix and capacity expansions. Functional Fillers were up only 1% yoy as customers seem to have cleared inventories. **EBIT increased disproportionately by 23% yoy and EPS strongly by >65% yoy** reflecting economies of scale, financial leverage and an improvement of the financial result.

Both divisions achieved **new record sales figures in FY 2015 with Functional Fillers sales arriving at € 102m and Technical Ceramics at € 49m** providing confidence in the structural growth potential of Nabaltec while price increases are currently prevented by the general deflationary tendencies in the chemical industry. Also **EBITDA, EBIT and net income arrived at new FY records** confirming our investment case that sales growth (5.6% yoy) translates into disproportionate bottom-line growth (EBIT up 14.2% yoy, EPS up 22.5% yoy).

The **balance sheet is seen to have also improved further** and net debt is expected to have arrived at € 40m implying a net gearing of 67% and net debt/EBITDA of 1.6x. Management also stated that the company experiences a **solid start into 2016 which puts it on path to reach the targeted > € 160m in FY sales.**

The **situation at its JV in the US however provides some short term uncertainty** as the integrated supplier of the JV, i.e. Sherwin Alumina (large alumina refinery), has entered Chapter 11 due to the global manufacturing glut and is up for sale. Importantly, the JV plant Nashtec (51%-49% JV between Nabaltec and Allied Alumina LLC) **could likely be converted into a standalone plant if Sherwin Alumina were to stop production entirely.** A conversion is seen to take a few months and is likely to require capex in the high single to low double digit €m range. The plant is solely focused on producing the high margin fine precipitated ATH (APYRAL 40 CD) and should benefit from low energy prices in Texas, US. Hence, we would expect the stand alone plant to achieve above average EBITDA margins after a successful ramp-up (eH&A: in 2015 the fully consolidated JV achieved an EBIT of c. € 2m, c. 15% of group EBIT).

**BUY, PT € 20 based on 2017E.** At 6.5x EV/EBITDA valuation looks undemanding considering the structural growth and de-leveraging potential.



Source: Company data, Hauck & Aufhäuser

<b>High/low 52 weeks:</b>	18.43 / 12.85
<b>Price/Book Ratio:</b>	1.9
<b>Relative performance (SDAX):</b>	
3 months	-0.5 %
6 months	-14.5 %
12 months	-4.2 %

### Changes in estimates

		Sales	EBIT	EPS
<b>2015</b>	<i>old:</i>			
	Δ			
<b>2016</b>	<i>old:</i>	160.6	16.8	1.09
	Δ	-	-	-
<b>2017</b>	<i>old:</i>	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.

Y/E 31.12 (EUR m)	2011	2012	2013	2014	2015P	2016E	2017E
Sales	129.0	129.2	132.9	143.3	151.3	160.6	170.2
Sales growth	14 %	0 %	3 %	8 %	6 %	6 %	6 %
EBITDA	20.6	18.8	19.8	22.4	24.7	26.8	29.3
EBIT	12.5	10.0	10.5	12.7	14.5	16.8	19.3
Net income	3.6	2.1	2.6	5.5	6.7	8.8	10.7
Net debt	60.7	55.2	50.8	44.2	40.0	31.9	22.6
Net gearing	121.4 %	111.7 %	99.4 %	83.9 %	67.1 %	46.9 %	29.2 %
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	0.84	1.10	1.33
CPS	0.27	1.31	0.17	1.25	1.52	1.31	1.55
DPS	0.00	0.00	0.06	0.12	0.17	0.27	0.40
Dividend yield	0.0 %	0.0 %	0.4 %	0.8 %	1.2 %	1.9 %	2.8 %
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 %	16.3 %	16.7 %	17.2 %
EBIT margin	9.7 %	7.8 %	7.9 %	8.8 %	9.6 %	10.5 %	11.4 %
ROCE	9.1 %	7.3 %	7.3 %	8.4 %	9.7 %	11.6 %	13.2 %
EV/sales	1.5	1.5	1.4	1.3	1.2	1.1	1.0
EV/EBITDA	9.2	10.0	9.4	8.3	7.3	6.5	5.6
EV/EBIT	15.2	18.9	17.6	14.6	12.5	10.3	8.5
PER	31.9	56.3	43.8	21.1	17.2	13.2	10.9
Adjusted FCF yield	6.1 %	5.4 %	5.8 %	6.4 %	7.0 %	8.2 %	9.7 %

Source: Company data, Hauck & Aufhäuser Close price as of: 01.03.2016

	Q4 2015	Q4 2014	yoy	FY 2015	FY 2014	yoy
<b>Sales</b>	<b>36.0</b>	<b>33.8</b>	6.4%	<b>151.4</b>	<b>143.4</b>	5.6%
Functional Fillers	23.8	23.6	1.1%	102.3	98.9	3.4%
Technical Ceramics	12.2	10.3	18.6%	49.1	44.5	10.3%
<b>EBITDA</b>	<b>5.4</b>	<b>4.7</b>	14.7%	<b>24.7</b>	<b>22.4</b>	10.3%
EBITDA margin	15.1%	14.0%	+ 1.1 pp	16.3%	15.6%	+ 0.7 pp
<b>EBIT</b>	<b>2.8</b>	<b>2.3</b>	23.3%	<b>14.5</b>	<b>12.7</b>	14.2%
EBIT margin	7.8%	6.7%	+ 1.1 pp	9.6%	8.8%	+ 0.7 pp
<b>Net Profit</b>	<b>1.3</b>	<b>0.8</b>	67.8%	<b>6.7</b>	<b>5.5</b>	22.5%
Net margin	3.7%	2.3%	+ 1.4 pp	4.4%	3.8%	+ 0.6 pp
<b>EPS</b>	<b>0.17</b>	<b>0.10</b>	67.8%	<b>0.84</b>	<b>0.69</b>	22.5%

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>151.3</b>	<b>160.6</b>	<b>170.2</b>
<i>Sales growth</i>	14.5 %	0.1 %	2.9 %	7.8 %	5.6 %	6.2 %	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>151.3</b>	<b>160.6</b>	<b>169.9</b>
Other operating income	1.4	1.7	1.3	2.6	2.2	1.3	1.4
Material expenses	69.8	67.3	69.6	75.1	78.2	82.6	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	23.6	24.6	25.6
Total operating expenses	112.2	110.5	114.6	120.6	126.6	133.8	140.5
<b>EBITDA</b>	<b>20.6</b>	<b>18.8</b>	<b>19.8</b>	<b>22.4</b>	<b>24.7</b>	<b>26.8</b>	<b>29.3</b>
Depreciation	8.0	8.8	9.2	9.7	10.2	10.0	10.0
<b>EBITA</b>	<b>12.5</b>	<b>10.0</b>	<b>10.5</b>	<b>12.7</b>	<b>14.5</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>14.5</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	3.8	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	-3.7	-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>10.8</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>10.8</b>	<b>13.5</b>	<b>16.3</b>
Taxes	1.6	1.1	0.9	2.5	3.4	3.9	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>7.3</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>7.3</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>6.7</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>0.84</b>	<b>1.10</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 %	1.5 %	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 %	17.8 %	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 %	83.7 %	83.3 %	82.5 %
<b>EBITDA</b>	<b>15.9 %</b>	<b>14.6 %</b>	<b>14.9 %</b>	<b>15.6 %</b>	<b>16.3 %</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>9.6 %</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>9.6 %</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>7.1 %</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>7.1 %</b>	<b>8.4 %</b>	<b>9.6 %</b>
Tax rate	26.7 %	26.8 %	20.2 %	28.8 %	32.0 %	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>4.8 %</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>4.8 %</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>4.4 %</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	116.8	115.8	114.8
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>117.2</b>	<b>116.2</b>	<b>115.2</b>
Inventories	26.3	23.6	26.2	27.5	25.2	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	20.0	18.2	22.4
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>57.0</b>	<b>57.0</b>	<b>63.1</b>
<b>TOTAL ASSETS</b>	<b>165.4</b>	<b>161.5</b>	<b>176.3</b>	<b>178.8</b>	<b>174.2</b>	<b>173.2</b>	<b>178.3</b>
SHAREHOLDERS EQUITY	50.0	49.4	51.1	52.6	59.6	67.9	77.4
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	10.5	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>37.9</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>174.2</b>	<b>173.2</b>	<b>178.3</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 %	66.9 %	64.4 %
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>67.3 %</b>	<b>67.1 %</b>	<b>64.6 %</b>
Inventories	15.9 %	14.6 %	14.9 %	15.4 %	14.5 %	15.5 %	15.9 %
Accounts receivable	1.4 %	2.1 %	2.4 %	2.5 %	2.8 %	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 %	11.5 %	10.5 %	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>32.7 %</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 %	34.2 %	39.2 %	43.4 %
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 %	28.7 %	23.1 %	19.6 %
Provisions for pensions and similar obligations	8.3 %	11.0 %	10.7 %	14.1 %	14.5 %	14.6 %	14.2 %
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>44.0 %</b>	<b>38.5 %</b>	<b>34.6 %</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 %	6.0 %	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>21.8 %</b>	<b>22.3 %</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	7.3	9.7	11.7
Depreciation of fixed assets (incl. leases)	8.0	8.8	9.2	9.7	10.2	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	17.5	19.7	21.7
Increase/decrease in inventory	-4.9	2.7	-2.6	-1.3	2.3	-1.6	-1.6
Increase/decrease in accounts receivable	-0.6	-1.6	-1.3	-0.3	-0.3	-0.3	-0.3
Increase/decrease in accounts payable	-1.2	1.6	-2.9	1.2	0.6	0.6	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	2.6	-1.2	-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>20.2</b>	<b>18.5</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	5.2	9.5	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	1.3	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>-11.3</b>	<b>-7.2</b>
Increase/decrease in liquid assets	-12.4	-2.0	15.5	-2.9	-7.2	-1.9	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>20.0</b>	<b>18.2</b>	<b>22.4</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	17.3	20.6	26.2
yoy change	27.8 %	8.9 %	-3.1 %	14.7 %	7.9 %	19.1 %	27.4 %
<b>TTL</b>	<b>129.0</b>	<b>129.1</b>	<b>132.9</b>	<b>143.3</b>	<b>151.3</b>	<b>160.6</b>	<b>170.2</b>
yoy change	14.5 %	0.1 %	2.9 %	7.8 %	5.6 %	6.2 %	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 %	5.6 %	6.2 %	6.0 %
EBITDA growth	43.6 %	-8.5 %	4.9 %	13.2 %	10.3 %	8.7 %	9.4 %
EBIT growth	91.3 %	-20.0 %	5.0 %	20.3 %	14.2 %	16.2 %	15.0 %
EPS growth	97.9 %	-41.5 %	28.5 %	107.6 %	22.5 %	30.3 %	21.8 %
<b>Efficiency</b>							
Total operating costs / sales	87.0 %	85.5 %	86.2 %	84.2 %	83.7 %	83.3 %	82.5 %
Sales per employee	328.3	317.5	320.3	345.4	360.2	377.9	395.9
EBITDA per employee	52.3	46.3	47.6	53.9	58.8	63.1	68.2
<b>Balance sheet analysis</b>							
Avg. working capital / sales	11.7 %	13.6 %	14.4 %	15.3 %	13.8 %	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	5.2	9.5	11.4
Free cash flow/sales	-5.2 %	5.0 %	4.4 %	5.2 %	3.4 %	5.9 %	6.7 %
FCF / net profit	-186.4 %	311.1 %	218.6 %	136.5 %	76.6 %	108.0 %	107.1 %
Capex / depre	191.5 %	120.4 %	27.8 %	103.1 %	147.1 %	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 %	9.9 %	5.6 %	5.3 %
<b>Security</b>							
Net debt	60.7	55.2	50.8	44.2	40.0	31.9	22.6
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	3.8	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 %	9.7 %	11.6 %	13.2 %
ROE	7.3 %	4.2 %	5.2 %	10.4 %	11.3 %	12.9 %	13.8 %
<b>Other</b>							
Interest paid / avg. debt	8.7 %	8.6 %	8.2 %	5.7 %	5.8 %	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	0.84	1.10	1.33
<b>Valuation ratios</b>							
P/BV	2.3	2.3	2.3	2.2	1.9	1.7	1.5
EV/sales	1.5	1.5	1.4	1.3	1.2	1.1	1.0
EV/EBITDA	9.2	10.0	9.4	8.3	7.3	6.5	5.6
EV/EBITA	15.2	18.9	17.6	14.6	12.5	10.3	8.5
EV/EBIT	15.2	18.9	17.6	14.6	12.5	10.3	8.5
EV/FCF	-28.1	29.5	32.1	24.7	35.1	18.3	14.3
Adjusted FCF yield	6.1 %	5.4 %	5.8 %	6.4 %	7.0 %	8.2 %	9.7 %
Dividend yield	0.0 %	0.0 %	0.4 %	0.8 %	1.2 %	1.9 %	2.8 %

Source: Company data, Hauck & Aufhäuser

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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 02/03/16**

Initiation coverage  
14-April-11



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