

## Chemicals

### Nabaltec

Germany

#### Changes in top management might improve the free float

■ **Due to age-related 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. We think the management changes will not have any major impact on the company's operating performance.

■ **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 only about 11x 2017E earnings and the EV/EBITDA of 5.4x is attractive. We therefore reiterate our EUR 17.50 target price (30% upside potential) and Buy recommendation.

■ **Nabaltec released a good set of 4Q15 results** with EBIT somewhat above our estimates although sales were marginally (0.8%) short of expectations. Nevertheless, 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.

■ **Reporting by divisions:** 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, particularly Technical Ceramics experienced a strong recovery in the final quarter 2015, while Functional Fillers were somewhat short.

	2013	2014	2015	2016E	2017E
Sales (EUR mn)	132.9	143.3	152.5	166.8	182.1
EBITDA (EUR mn)	19.8	22.4	24.6	27.4	29.1
EBIT reported (EUR mn)	10.5	12.7	14.5	16.3	18.4
EBIT adjusted (EUR mn)	10.5	12.7	14.5	16.3	18.4
Net income (EUR mn)	2.6	5.5	6.6	8.4	9.8
EPS reported (EUR)	0.33	0.69	0.83	1.06	1.22
EPS adjusted (EUR)	0.33	0.69	0.83	1.06	1.22
DPS (EUR)	0.06	0.12	0.25	0.30	0.30
Dividend yield (%)	0.8	1.1	1.6	2.2	2.2
P/E adjusted (x)	22.2	15.9	18.7	12.7	11.0
P/BV (x)	1.2	1.7	1.9	1.5	1.3
EV/Sales (x)	1.0	1.1	1.3	1.0	0.9
EV/EBITDA (x)	6.5	7.0	7.8	6.0	5.4
EV/EBIT (x)	12.1	12.4	13.2	10.2	8.5
Net debt/EBITDA (x)	2.6	2.0	1.6	1.0	0.5

Source: Company data, Baader-Helvia Equity Research

#### Buy (prev. Buy)

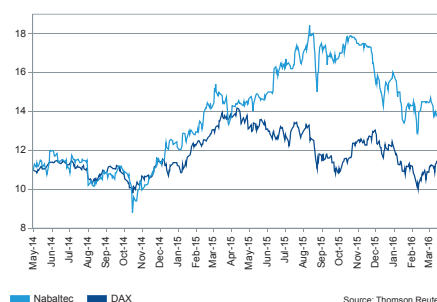
Closing price as of 31-Mar-16	EUR 13.42
High/Low (12M)	18.43/12.85
<b>Target price</b> (prev. EUR 17.50)	<b>EUR 17.50</b>
Upside to target price (%)	30.4
Expected dividend yield (%)	1.9
Total return potential (%)	32.3
Risk category	2

Reuters/Bloomberg	NTGG.DE/NTG GY
Avg. daily turnover (EUR mn)	0.0
Free float (%)	38.2
Market cap. (EUR mn)	107
No. of shares issued (mn)	8.0

#### Events

Annual general meeting	30-Jun-2016
4Q	29-Apr-2016
Shareholders	Heckmann family 31.95%, Witzany family 29.87%

#### Price relative to Index



Performance (%)	1M	3M	6M
Absolute	-7.1	-16.2	-20.2
rel. DAX	-12.1	-9.0	-23.3
rel. STOXX Europe 600	-8.2	-8.5	-17.2
rel. SXXP Chemicals	-11.9	-10.7	-19.3

#### Changes in estimates

EUR mn	2016E (prev.)	Delta (%)	2017E (prev.)	Delta (%)
Sales	166.8	0.0	182.1	0.0
EBIT adj.	16.3	0.0	18.4	0.0
EPS adj. (EUR)	1.06	0.0	1.22	0.0
DPS (EUR)	0.30	0.0	0.30	0.0

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