

# Nabaltec

## Germany - Chemicals/ Specialty Chemicals



HAUCK & AUFHÄUSER  
PRIVATBANKIERS SEIT 1796

**Buy** (old: Buy)

**Price target: EUR 19.00** (old: EUR 19.00)

<b>Price:</b>	EUR 13.76	<b>Next result:</b>	AGM 30.06.16
<b>Bloomberg:</b>	NTG GR	<b>Market cap:</b>	EUR 110.1 m
<b>Reuters:</b>	NTGG.DE	<b>Enterprise Value:</b>	EUR 177.2 m

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### Final Q1 results in-line / strong order book

Prel. Q1 results were reported on 29th April. Nabaltec achieved record sales of € 41.2m (+6.3% yoy). Functional Fillers increased sales by 4.6% to € 28.1m underpinning increasing demand for environmental friendly flame retardants where Nabaltec holds a global market share of > 30%. Technical Ceramics posted growth of 10.2% yoy to € 13.1m proving that it benefits from an increasing penetration within core applications such as refractories to increase the quality of the products.

**Gross profit increased in-line with sales by c. 7% yoy to € 20.1m (gross margin +0.3pp to 48.7%) indicating a stable price environment.** Still EBIT came in below last year's level at € 3.5m (€ 4.8m), given 1) a high comparable base as Q1'15 benefited from a FX gain from revaluations (c. € 1m) while this year the company booked a FX loss of € 0.5m and 2) as Nabaltec had extra legal costs to handle the situation at its JV plant Nashtec (€ 0.2m). **Net profit of € 1.8m (€ 2.1m) however benefited from a better financial result of € 0.8m (€ 1.1m)** reflecting the improved financing and somewhat lower taxes (last year elevated by deferred taxes).

**A CFO of c. € 10m** was way above EBITDA of € 6.2m benefiting from the usual decline of inventories compared to year end. **Net debt declined by c. € 2m to € 39.5m in Q1** despite capex of € 7.2m related to several expansion projects. Gross cash of € 41.8m will be used to redeem the remaining bank debt of € 12m in 2016 while the balance should be kept to be equipped for potential M&A and/or expansion projects.

Positively, the **order book increased by 25% yoy to € 29.1m in Q1** (+12% qoq) suggesting sound demand and an increasing commitment by customers as capacities are becoming more tight in the global oligopoly in fine precipitated ATH.

The situation at its JV plant Nashtec (51%-49% JV between Nabaltec and a Glencore subsidiary) in the US still provides some uncertainty although a **Glencore owned company made the winning bid for Nashtec's supplier Sherwin Alumina** (in Chapter 11, approval of the court expected for Oct). In the meantime Sherwin continues to produce. Importantly, the JV plant could be converted into a standalone plant (requiring capex of c. € 7-10m). The plant is solely focused on producing high margin fine precipitated ATH and we would expect it to achieve above average EBITDA margins after a ramp-up (in '15 the JV achieved an EBIT of c. € 2m). **BUY, PT € 19 based on '17E.** At <7x EV/EBITDA '16E valuation looks undemanding considering the structural growth and the de-leveraging potential as well as the high entry barriers.



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 18.43 / 12.85

**Price/Book Ratio:** 1.7

**Relative performance (SDAX):**

3 months -15.2 %

6 months -14.6 %

12 months -14.6 %

### Changes in estimates

		Sales	EBIT	EPS
2016	old:	160.6	15.2	0.95
	Δ	-	-	-
2017	old:	170.2	18.3	1.25
	Δ	-	-	-
2018	old:	177.9	20.5	1.49
	Δ	-	-	-

### Key share data:

Number of shares: (in m pcs) 8.0

Authorised capital: (in € m) 4.0

Book value per share: (in €) 8.3

Ø trading volume: (12 months) 20,000

### Major shareholders:

Free Float 39.0 %

Family Heckmann 31.2 %

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)	2012	2013	2014	2015	2016E	2017E	2018E
Sales	129.2	132.9	143.3	151.3	160.6	170.2	177.9
Sales growth	0 %	3 %	8 %	6 %	6 %	6 %	4 %
EBITDA	18.8	19.8	22.4	24.6	25.9	29.3	31.8
EBIT	10.0	10.5	12.7	14.5	15.2	18.3	20.5
Net income	2.1	2.6	5.5	6.7	7.6	10.0	11.9
Net debt	55.2	50.8	44.2	41.3	39.1	33.1	20.0
Net gearing	111.7 %	99.4 %	83.9 %	71.7 %	58.8 %	42.5 %	24.4 %
Net Debt/EBITDA	2.9	2.6	2.0	1.7	1.5	1.1	0.6
EPS pro forma	0.26	0.33	0.69	0.84	0.95	1.25	1.49
CPS	1.31	0.17	1.25	1.15	1.29	1.56	1.73
DPS	0.00	0.06	0.12	0.15	0.19	0.25	0.40
Dividend yield	0.0 %	0.4 %	0.9 %	1.1 %	1.4 %	1.8 %	2.9 %
Gross profit margin	48.0 %	48.7 %	47.4 %	48.2 %	48.0 %	48.2 %	48.3 %
EBITDA margin	14.6 %	14.9 %	15.6 %	16.3 %	16.1 %	17.2 %	17.9 %
EBIT margin	7.8 %	7.9 %	8.8 %	9.6 %	9.5 %	10.7 %	11.5 %
ROCE	7.3 %	7.3 %	8.4 %	8.9 %	9.0 %	10.8 %	12.5 %
EV/sales	1.4	1.4	1.3	1.2	1.1	1.0	0.9
EV/EBITDA	9.7	9.1	8.0	7.3	6.8	5.8	5.0
EV/EBIT	18.3	17.1	14.2	12.4	11.6	9.4	7.7
PER	53.5	41.6	20.0	16.4	14.4	11.0	9.2
Adjusted FCF yield	5.6 %	6.0 %	6.6 %	7.0 %	7.7 %	9.4 %	11.2 %

Source: Company data, Hauck & Aufhäuser Close price as of: 31.05.2016

	Q1 2016	Q1 2015	yoy	Q4 2015	qoq
<b>Sales</b>	<b>41.2</b>	<b>38.8</b>	6.3%	<b>36.0</b>	14.5%
Functional Fillers	28.1	26.9	4.6%	23.8	18.0%
Technical Ceramics	13.1	11.9	10.2%	12.2	7.5%
<b>Gross profit</b>	<b>20.1</b>	<b>18.8</b>	6.9%	<b>17.8</b>	12.7%
Gross margin	48.7%	48.4%	+ 0.3 pp	49.4%	- 0.8 pp
<b>EBITDA</b>	<b>6.2</b>	<b>7.3</b>	-15.8%	<b>5.4</b>	14.1%
EBITDA margin	15.0%	18.9%	- 3.9 pp	15.0%	- 0.0 pp
<b>EBIT</b>	<b>3.5</b>	<b>4.8</b>	-26.8%	<b>2.8</b>	26.3%
EBIT margin	8.6%	12.5%	- 3.9 pp	7.8%	+ 0.8 pp
<b>Net Profit</b>	<b>1.8</b>	<b>2.1</b>	-13.7%	<b>1.4</b>	27.8%
Net margin	4.3%	5.3%	- 1.0 pp	3.9%	+ 0.5 pp
<b>EPS</b>	<b>0.22</b>	<b>0.26</b>	-13.7%	<b>0.18</b>	27.8%

Source: Company data; Hauck & Aufhäuser

## Financials

Profit and loss (EUR m)	2012	2013	2014	2015	2016E	2017E	2018E
<b>Net sales</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>	<b>177.9</b>
<i>Sales growth</i>	0.1 %	2.9 %	7.8 %	5.6 %	6.2 %	6.0 %	4.5 %
Increase/decrease in finished goods and work-in-process	0.1	1.4	-0.3	1.9	0.0	0.0	0.0
<b>Total sales</b>	<b>129.4</b>	<b>134.3</b>	<b>143.0</b>	<b>153.2</b>	<b>160.6</b>	<b>170.2</b>	<b>177.9</b>
Other operating income	1.7	1.3	2.6	2.8	1.7	1.8	1.9
Material expenses	67.3	69.6	75.1	80.3	83.5	88.3	92.0
Personnel expenses	21.8	22.5	25.4	26.8	27.6	28.6	29.4
Other operating expenses	23.2	23.8	22.7	24.3	25.2	25.9	26.7
Total operating expenses	110.5	114.6	120.6	128.6	134.7	141.0	146.1
<b>EBITDA</b>	<b>18.8</b>	<b>19.8</b>	<b>22.4</b>	<b>24.6</b>	<b>25.9</b>	<b>29.3</b>	<b>31.8</b>
Depreciation	8.8	9.2	9.7	10.2	10.7	11.0	11.3
<b>EBITA</b>	<b>10.0</b>	<b>10.5</b>	<b>12.7</b>	<b>14.5</b>	<b>15.2</b>	<b>18.3</b>	<b>20.5</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>10.0</b>	<b>10.5</b>	<b>12.7</b>	<b>14.5</b>	<b>15.2</b>	<b>18.3</b>	<b>20.5</b>
Interest income	0.4	0.3	0.2	0.3	0.0	0.0	0.0
Interest expenses	6.3	6.2	4.3	3.9	3.3	2.9	2.4
Other financial result	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-5.9	-5.9	-4.2	-3.7	-3.3	-2.9	-2.4
<b>Recurring pretax income from continuing operations</b>	<b>4.1</b>	<b>4.7</b>	<b>8.5</b>	<b>10.8</b>	<b>11.9</b>	<b>15.4</b>	<b>18.1</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>4.1</b>	<b>4.7</b>	<b>8.5</b>	<b>10.8</b>	<b>11.9</b>	<b>15.4</b>	<b>18.1</b>
Taxes	1.1	0.9	2.5	3.4	3.4	4.4	5.2
<b>Net income from continuing operations</b>	<b>3.0</b>	<b>3.7</b>	<b>6.1</b>	<b>7.4</b>	<b>8.5</b>	<b>11.0</b>	<b>12.9</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>3.0</b>	<b>3.7</b>	<b>6.1</b>	<b>7.4</b>	<b>8.5</b>	<b>11.0</b>	<b>12.9</b>
Minority interest	1.0	1.1	0.6	0.7	0.9	1.0	1.0
<b>Net income (net of minority interest)</b>	<b>2.1</b>	<b>2.6</b>	<b>5.5</b>	<b>6.7</b>	<b>7.6</b>	<b>10.0</b>	<b>11.9</b>
Average number of shares	8.0	8.0	8.0	8.0	8.0	8.0	8.0
<b>EPS reported</b>	<b>0.26</b>	<b>0.33</b>	<b>0.69</b>	<b>0.84</b>	<b>0.95</b>	<b>1.25</b>	<b>1.49</b>

Profit and loss (common size)	2012	2013	2014	2015	2016E	2017E	2018E
<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	0.1 %	1.0 %	-0.2 %	1.3 %	0.0 %	0.0 %	0.0 %
<b>Total sales</b>	<b>100.1 %</b>	<b>101.0 %</b>	<b>99.8 %</b>	<b>101.3 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Other operating income	1.3 %	1.0 %	1.8 %	1.9 %	1.1 %	1.1 %	1.1 %
Material expenses	52.1 %	52.4 %	52.4 %	53.1 %	52.0 %	51.9 %	51.7 %
Personnel expenses	16.8 %	16.9 %	17.7 %	17.7 %	17.2 %	16.8 %	16.5 %
Other operating expenses	17.9 %	17.9 %	15.8 %	16.1 %	15.7 %	15.2 %	15.0 %
Total operating expenses	85.5 %	86.2 %	84.2 %	85.0 %	83.9 %	82.8 %	82.2 %
<b>EBITDA</b>	<b>14.6 %</b>	<b>14.9 %</b>	<b>15.6 %</b>	<b>16.3 %</b>	<b>16.1 %</b>	<b>17.2 %</b>	<b>17.9 %</b>
Depreciation	6.8 %	6.9 %	6.8 %	6.7 %	6.7 %	6.5 %	6.4 %
<b>EBITA</b>	<b>7.8 %</b>	<b>7.9 %</b>	<b>8.8 %</b>	<b>9.6 %</b>	<b>9.5 %</b>	<b>10.7 %</b>	<b>11.5 %</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>7.8 %</b>	<b>7.9 %</b>	<b>8.8 %</b>	<b>9.6 %</b>	<b>9.5 %</b>	<b>10.7 %</b>	<b>11.5 %</b>
Interest income	0.3 %	0.2 %	0.1 %	0.2 %	0.0 %	0.0 %	0.0 %
Interest expenses	4.9 %	4.6 %	3.0 %	2.6 %	2.1 %	1.7 %	1.3 %
Other financial result	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	-4.6 %	-4.4 %	-2.9 %	-2.4 %	-2.1 %	-1.7 %	-1.3 %
<b>Recurring pretax income from continuing operations</b>	<b>3.2 %</b>	<b>3.5 %</b>	<b>5.9 %</b>	<b>7.1 %</b>	<b>7.4 %</b>	<b>9.0 %</b>	<b>10.2 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>3.2 %</b>	<b>3.5 %</b>	<b>5.9 %</b>	<b>7.1 %</b>	<b>7.4 %</b>	<b>9.0 %</b>	<b>10.2 %</b>
Tax rate	26.8 %	20.2 %	28.8 %	31.5 %	28.5 %	28.5 %	28.5 %
<b>Net income from continuing operations</b>	<b>2.3 %</b>	<b>2.8 %</b>	<b>4.2 %</b>	<b>4.9 %</b>	<b>5.3 %</b>	<b>6.5 %</b>	<b>7.3 %</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>2.3 %</b>	<b>2.8 %</b>	<b>4.2 %</b>	<b>4.9 %</b>	<b>5.3 %</b>	<b>6.5 %</b>	<b>7.3 %</b>
Minority interest	0.7 %	0.8 %	0.4 %	0.5 %	0.6 %	0.6 %	0.6 %
<b>Net income (net of minority interest)</b>	<b>1.6 %</b>	<b>2.0 %</b>	<b>3.8 %</b>	<b>4.4 %</b>	<b>4.7 %</b>	<b>5.9 %</b>	<b>6.7 %</b>

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2012	2013	2014	2015	2016E	2017E	2018E
<b>Intangible assets</b>	<b>0.2</b>	<b>0.2</b>	<b>0.4</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>	<b>0.5</b>
Property, plant and equipment	116.0	111.8	112.0	116.6	120.9	124.9	114.6
Financial assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>FIXED ASSETS</b>	<b>116.2</b>	<b>112.0</b>	<b>112.4</b>	<b>117.1</b>	<b>121.4</b>	<b>125.4</b>	<b>115.1</b>
Inventories	23.6	26.2	27.5	30.8	32.1	34.0	35.6
Accounts receivable	3.4	4.3	4.6	5.2	5.5	5.9	6.1
Other current assets	3.4	3.8	7.0	6.5	6.5	6.5	6.5
Liquid assets	14.3	29.7	27.2	42.3	31.9	29.1	30.0
Deferred taxes	0.6	0.3	0.1	0.0	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>45.3</b>	<b>64.2</b>	<b>66.4</b>	<b>84.8</b>	<b>76.1</b>	<b>75.5</b>	<b>78.2</b>
<b>TOTAL ASSETS</b>	<b>161.5</b>	<b>176.3</b>	<b>178.8</b>	<b>201.9</b>	<b>197.5</b>	<b>200.9</b>	<b>193.3</b>
SHAREHOLDERS EQUITY	49.4	51.1	52.6	57.5	66.5	78.0	82.0
MINORITY INTEREST	-2.0	-0.8	-0.2	0.6	0.0	0.0	0.0
Long-term debt	59.9	70.6	61.4	71.3	58.8	50.0	40.0
Provisions for pensions and similar obligations	17.8	18.9	25.3	28.0	28.0	28.0	28.0
Other provisions	1.3	1.6	2.4	2.6	1.6	1.6	1.6
<b>Non-current liabilities</b>	<b>79.0</b>	<b>91.1</b>	<b>89.0</b>	<b>101.9</b>	<b>88.3</b>	<b>79.5</b>	<b>69.5</b>
short-term liabilities to banks	9.7	9.9	10.0	12.2	12.2	12.2	10.0
Accounts payable	10.4	8.7	9.9	12.3	13.0	13.8	14.4
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)	11.9	13.3	15.9	15.9	15.9	15.9	15.9
Deferred taxes	3.1	2.9	1.5	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>35.0</b>	<b>34.8</b>	<b>37.4</b>	<b>41.9</b>	<b>42.7</b>	<b>43.5</b>	<b>41.8</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>161.5</b>	<b>176.2</b>	<b>178.8</b>	<b>201.9</b>	<b>197.5</b>	<b>200.9</b>	<b>193.3</b>

Balance sheet (common size)	2012	2013	2014	2015	2016E	2017E	2018E
<b>Intangible assets</b>	<b>0.1 %</b>	<b>0.1 %</b>	<b>0.2 %</b>	<b>0.3 %</b>	<b>0.3 %</b>	<b>0.3 %</b>	<b>0.3 %</b>
Property, plant and equipment	71.8 %	63.4 %	62.6 %	57.7 %	61.2 %	62.2 %	59.3 %
Financial assets	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>FIXED ASSETS</b>	<b>72.0 %</b>	<b>63.6 %</b>	<b>62.8 %</b>	<b>58.0 %</b>	<b>61.5 %</b>	<b>62.4 %</b>	<b>59.5 %</b>
Inventories	14.6 %	14.9 %	15.4 %	15.2 %	16.3 %	16.9 %	18.4 %
Accounts receivable	2.1 %	2.4 %	2.5 %	2.6 %	2.8 %	2.9 %	3.2 %
Other current assets	2.1 %	2.1 %	3.9 %	3.2 %	3.3 %	3.2 %	3.4 %
Liquid assets	8.9 %	16.8 %	15.2 %	20.9 %	16.2 %	14.5 %	15.5 %
Deferred taxes	0.3 %	0.2 %	0.1 %	0.0 %	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>28.0 %</b>	<b>36.4 %</b>	<b>37.1 %</b>	<b>42.0 %</b>	<b>38.5 %</b>	<b>37.6 %</b>	<b>40.5 %</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	30.6 %	29.0 %	29.4 %	28.5 %	33.7 %	38.8 %	42.4 %
MINORITY INTEREST	-1.2 %	-0.4 %	-0.1 %	0.3 %	0.0 %	0.0 %	0.0 %
Long-term debt	37.1 %	40.0 %	34.3 %	35.3 %	29.8 %	24.9 %	20.7 %
Provisions for pensions and similar obligations	11.0 %	10.7 %	14.1 %	13.8 %	14.2 %	13.9 %	14.5 %
Other provisions	0.8 %	0.9 %	1.3 %	1.3 %	0.8 %	0.8 %	0.8 %
<b>Non-current liabilities</b>	<b>48.9 %</b>	<b>51.7 %</b>	<b>49.8 %</b>	<b>50.5 %</b>	<b>44.7 %</b>	<b>39.6 %</b>	<b>36.0 %</b>
short-term liabilities to banks	6.0 %	5.6 %	5.6 %	6.1 %	6.2 %	6.1 %	5.2 %
Accounts payable	6.4 %	4.9 %	5.5 %	6.1 %	6.6 %	6.9 %	7.5 %
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)	7.3 %	7.5 %	8.9 %	7.9 %	8.1 %	7.9 %	8.2 %
Deferred taxes	1.9 %	1.6 %	0.8 %	0.7 %	0.7 %	0.7 %	0.8 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Current liabilities</b>	<b>21.7 %</b>	<b>19.7 %</b>	<b>20.9 %</b>	<b>20.8 %</b>	<b>21.6 %</b>	<b>21.6 %</b>	<b>21.6 %</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)	2012	2013	2014	2015	2016E	2017E	2018E
Net profit/loss	3.0	3.7	6.1	7.4	8.5	11.0	12.9
Depreciation of fixed assets (incl. leases)	8.8	9.2	9.7	10.2	10.7	11.0	11.3
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	2.5	2.2	2.1	2.7	0.0	0.0	0.0
Cash flow from operations before changes in w/c	14.3	15.1	17.9	20.2	19.2	22.0	24.2
Increase/decrease in inventory	2.7	-2.6	-1.3	-3.2	-1.3	-1.9	-1.5
Increase/decrease in accounts receivable	-1.6	-1.3	-0.3	-0.6	-0.3	-0.3	-0.3
Increase/decrease in accounts payable	1.6	-2.9	1.2	2.4	0.8	0.8	-0.6
Increase/decrease in other working capital positions	0.0	0.0	0.0	-1.5	0.0	0.0	0.0
Increase/decrease in working capital	2.7	-6.8	-0.4	-3.0	-0.9	-1.5	-2.4
<b>Cash flow from operating activities</b>	<b>17.0</b>	<b>8.3</b>	<b>17.5</b>	<b>17.2</b>	<b>18.3</b>	<b>20.5</b>	<b>21.8</b>
CAPEX	10.6	2.6	10.0	13.1	15.0	13.0	10.0
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>-10.6</b>	<b>-2.6</b>	<b>-10.0</b>	<b>-13.1</b>	<b>-15.0</b>	<b>-13.0</b>	<b>-10.0</b>
Cash flow before financing	6.4	5.8	7.5	4.2	3.3	7.5	11.8
Increase/decrease in debt position	-8.4	9.7	-10.0	12.2	-12.5	-8.8	-12.2
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	0.5	1.0	1.2	1.5	1.5
Others	0.0	0.0	0.0	-0.6	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.0	0.0	0.4	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>-8.4</b>	<b>9.7</b>	<b>-10.4</b>	<b>10.6</b>	<b>-13.7</b>	<b>-10.3</b>	<b>-13.8</b>
Increase/decrease in liquid assets	-2.0	15.5	-2.9	15.1	-10.4	-2.8	-1.9
<b>Liquid assets at end of period</b>	<b>14.7</b>	<b>30.1</b>	<b>27.2</b>	<b>42.3</b>	<b>31.9</b>	<b>29.1</b>	<b>30.0</b>

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2012	2013	2014	2015	2016E	2017E	2018E
<b>P&amp;L growth analysis</b>							
Sales growth	0.1 %	2.9 %	7.8 %	5.6 %	6.2 %	6.0 %	4.5 %
EBITDA growth	-8.5 %	4.9 %	13.2 %	10.2 %	5.1 %	12.9 %	22.5 %
EBIT growth	-20.0 %	5.0 %	20.3 %	14.2 %	5.1 %	20.1 %	34.5 %
EPS growth	-41.5 %	28.5 %	107.6 %	22.3 %	13.4 %	31.2 %	56.6 %
<b>Efficiency</b>							
Total operating costs / sales	85.5 %	86.2 %	84.2 %	85.0 %	83.9 %	82.8 %	82.2 %
Sales per employee	317.5	320.3	345.4	360.2	377.9	395.9	n/a
EBITDA per employee	46.3	47.6	53.9	58.7	61.0	68.1	n/a
<b>Balance sheet analysis</b>							
Avg. working capital / sales	13.6 %	14.4 %	15.3 %	15.2 %	15.0 %	14.9 %	14.6 %
Inventory turnover (sales/inventory)	5.5	5.1	5.2	4.9	5.0	5.0	5.0
Trade debtors in days of sales	9.6	11.8	11.6	12.5	12.5	12.5	12.5
A/P turnover [(A/P*365)/sales]	29.4	23.9	25.3	29.6	29.6	29.6	29.6
Cash conversion cycle (days)	81.2	103.6	97.2	96.7	96.0	96.2	96.5
<b>Cash flow analysis</b>							
Free cash flow	6.4	5.8	7.5	4.2	3.3	7.5	11.8
Free cash flow/sales	5.0 %	4.4 %	5.2 %	2.7 %	2.1 %	4.4 %	6.6 %
FCF / net profit	311.1 %	218.6 %	136.5 %	62.3 %	43.5 %	75.2 %	99.0 %
Capex / depre	120.4 %	27.8 %	103.1 %	128.4 %	140.2 %	118.2 %	88.5 %
Capex / maintenance capex	133.8 %	81.4 %	133.3 %	163.3 %	187.5 %	187.5 %	62.5 %
Capex / sales	8.2 %	1.9 %	7.0 %	8.6 %	9.3 %	7.6 %	n/a
<b>Security</b>							
Net debt	55.2	50.8	44.2	41.3	39.1	33.1	20.0
Net Debt/EBITDA	2.9	2.6	2.0	1.7	1.5	1.1	0.6
Net debt / equity	1.1	1.0	0.8	0.7	0.6	0.4	0.2
Interest cover	1.6	1.7	2.9	3.7	4.6	6.3	8.5
Dividend payout ratio	0.0 %	18.1 %	17.5 %	18.0 %	20.0 %	20.0 %	27.1 %
<b>Asset utilisation</b>							
Capital employed turnover	0.9	0.9	0.9	0.9	1.0	1.0	1.1
Operating assets turnover	1.0	1.0	1.1	1.1	1.1	1.1	1.3
Plant turnover	1.1	1.2	1.3	1.3	1.3	1.4	1.6
Inventory turnover (sales/inventory)	5.5	5.1	5.2	4.9	5.0	5.0	5.0
<b>Returns</b>							
ROCE	7.3 %	7.3 %	8.4 %	8.9 %	9.0 %	10.8 %	12.5 %
ROE	4.2 %	5.2 %	10.4 %	11.6 %	11.5 %	12.8 %	14.6 %
<b>Other</b>							
Interest paid / avg. debt	8.6 %	8.2 %	5.7 %	5.1 %	4.3 %	4.3 %	4.0 %
No. employees (average)	407	415	415	420	425	430	0
Number of shares	8.0	8.0	8.0	8.0	8.0	8.0	8.0
DPS	0.0	0.1	0.1	0.2	0.2	0.2	0.4
EPS reported	0.26	0.33	0.69	0.84	0.95	1.25	1.49
<b>Valuation ratios</b>							
P/BV	2.2	2.2	2.1	1.9	1.7	1.4	1.3
EV/sales	1.4	1.4	1.3	1.2	1.1	1.0	0.9
EV/EBITDA	9.7	9.1	8.0	7.3	6.8	5.8	5.0
EV/EBITA	18.3	17.1	14.2	12.4	11.6	9.4	7.7
EV/EBIT	18.3	17.1	14.2	12.4	11.6	9.4	7.7
EV/FCF	28.6	31.1	23.9	43.2	53.5	22.8	13.4
Adjusted FCF yield	5.6 %	6.0 %	6.6 %	7.0 %	7.7 %	9.4 %	11.2 %
Dividend yield	0.0 %	0.4 %	0.9 %	1.1 %	1.4 %	1.8 %	2.9 %

Source: Company data, Hauck & Aufhäuser

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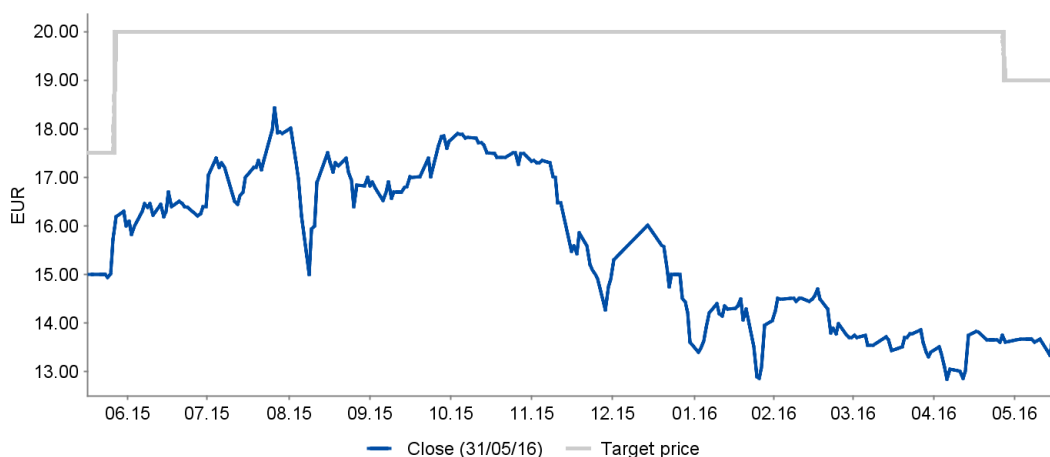
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Company	Disclosure
Nabaltec AG	2, 5

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

**Price and Rating History  
Nabaltec AG as of 01/06/16**

Initiation coverage  
14-April-11



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