



**Buy** (old: Buy)

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

<b>Price:</b>	EUR 14.32	<b>Next result:</b>	Q2 30.08.16
<b>Bloomberg:</b>	NTG GR	<b>Market cap:</b>	EUR 114.6 m
<b>Reuters:</b>	NTGG.DE	<b>Enterprise Value:</b>	EUR 181.6 m

03-August-16

**Sascha Berresch, CFA**  
Analyst

sascha.berresch@ha-research.de  
Tel.: +49 40 4143885 85

### Sherwin issue should not be overrated / outlook sound

Yesterday Nabaltec announced that its **US supplier Sherwin Alumina plans to discontinue production** at the end of August. Given that a Glencore owned subsidiary made the winning bid for Sherwin (Glencore was also the former owner putting Sherwin into Chapter 11), this news had not been expected. While the **news are disappointing they should not be overrated**. Sherwin solely supplies the US plant **Nashtec** a JV between Nabaltec and a Glencore owned subsidiary which accounted for c. 10% of group sales in 2015, c. 15% of EBIT but **only c. 8% of EPS given minorities**.

**Nabaltec has built up extra capacities in Schwandorf** in recent months due to issues with Sherwin. Management is **confident to supply its US customers from its plant in Germany** and given the strong USD and low freight rates is also **confident to generate profitable sales** considering economies of scale in Schwandorf. Finally, these profits would not have to be shared 51%-49% with a JV partner and hence **EPS might even be unaffected** despite some production cost disadvantage. Given tight capacity in the market a closure would also further strengthen Nabaltec's ability to raise prices next year and be more selective with customer orders.

Still, **management aims to convert Nashtec into a stand-alone plant** given customer proximity (delivery times), FX hedging and total available capacity (Nashtec 20-25k tpa vs 250k tpa in Schwandorf). According to engineering plans the **conversion would take a few months and cost up to USD 10m**. To pursue this, management needs to find a deal with the JV partner who might not be interested to invest. Without conversion the plant would be "worthless" in the case of a shut down of Sherwin. According to Chapter 11 proceedings the stake is valued at c USD 2.7m. Considering € 2m EBIT contribution after ramp up suggests that an investment of USD 10m plus c. USD 3m potential purchase price would make sense economically.

Besides these news, **Q2 results due Aug 30 should reveal a strong performance** with organic growth in the double digit area and an EBIT margin > 10%. Management also confirmed that Q3 has started off well. In general, the **mid term outlook remains healthy for Nabaltec** given rising environmental awareness and tighter regulation which drive an increase in adoption of environmental friendly flame retardants. On top the **outlook should be fuelled by exponential growth in electro mobility** as Nabaltec supplies a coating solution for lithium ions batteries' separation foils. A few million batteries could translate into high margin sales of € 30-50m not reflected in our estimates (c. € 10 content per battery). **BUY, PT € 19 based on FCFY '17E**.



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 18.43 / 12.85  
**Price/Book Ratio:** 1.7  
**Relative performance (SDAX):**  
3 months -3.2 %  
6 months -14.2 %  
12 months -18.5 %

#### 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 %	0.8 %	1.0 %	1.3 %	1.7 %	2.8 %
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	1.5	1.4	1.3	1.2	1.1	1.0	0.9
EV/EBITDA	10.0	9.3	8.2	7.5	7.0	6.0	5.1
EV/EBIT	18.7	17.5	14.5	12.7	11.9	9.6	7.9
PER	55.6	43.3	20.9	17.0	15.0	11.5	9.6
Adjusted FCF yield	5.5 %	5.8 %	6.5 %	6.8 %	7.5 %	9.1 %	10.9 %

Source: Company data, Hauck & Aufhäuser Close price as of: 02.08.2016

## 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

Regional split (EUR m)	2012	2013	2014	2015	2016E	2017E	2018E
Domestic	40.0	40.9	40.7	41.9	43.0	45.0	45.0
yoy change	-1.7 %	2.2 %	-0.4 %	2.8 %	2.7 %	4.7 %	0.0 %
Rest of Europe	59.9	63.6	68.5	73.2	76.5	80.0	82.4
yoy change	2.7 %	6.2 %	7.8 %	6.8 %	4.5 %	4.6 %	3.0 %
NAFTA	14.8	14.4	18.0	19.7	22.0	24.5	25.7
yoy change	-11.9 %	-2.3 %	24.8 %	9.4 %	11.6 %	11.4 %	5.0 %
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	14.4	14.0	16.0	16.5	19.1	20.7	24.8
yoy change	8.9 %	-3.1 %	14.7 %	2.9 %	15.8 %	8.6 %	19.5 %
<b>TTL</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>	<b>177.9</b>
yoy change	0.1 %	2.9 %	7.8 %	5.6 %	6.2 %	6.0 %	4.5 %

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	2.3	2.2	2.2	2.0	1.7	1.5	1.4
EV/sales	1.5	1.4	1.3	1.2	1.1	1.0	0.9
EV/EBITDA	10.0	9.3	8.2	7.5	7.0	6.0	5.1
EV/EBITA	18.7	17.5	14.5	12.7	11.9	9.6	7.9
EV/EBIT	18.7	17.5	14.5	12.7	11.9	9.6	7.9
EV/FCF	29.3	31.9	24.5	44.3	54.8	23.4	13.8
Adjusted FCF yield	5.5 %	5.8 %	6.5 %	6.8 %	7.5 %	9.1 %	10.9 %
Dividend yield	0.0 %	0.4 %	0.8 %	1.0 %	1.3 %	1.7 %	2.8 %

Source: Company data, Hauck & Aufhäuser

**Disclosures regarding research publications of Hauck & Aufhäuser Privatbankiers KGaA pursuant to section 34b of the German Securities Trading Act (WpHG) and the regulations of the German Financial Analysis Ordinance (FinAnV) and distributed in the UK under an EEA branch passport, subject to the FCA requirements on research recommendation disclosures**

It is essential that any research recommendation is fairly presented and discloses interests or indicates relevant conflicts of interest. Pursuant to section 34b of the German Securities Trading Act (WpHG) and section 5 of the Financial Analysis Ordinance (FinAnV) a research report has to point out possible conflicts of interest in connection with the analysed company. Further to this, under the FCA's rules on research recommendations, any conflicts of interest in connection with the recommendation must be disclosed. A conflict of interest is presumed to exist in particular if Hauck & Aufhäuser Privatbankiers KGaA

- (1) or its affiliate(s) (either in its own right or as part of a consortium) within the past twelve months, acquired the financial instruments of the analysed company,
- (2) has entered into an agreement on the production of the research report with the analysed company,
- (3) or its affiliate(s) has, within the past twelve months, been party to an agreement on the provision of investment banking services with the analysed company or have received services or a promise of services under the term of such an agreement,
- (4) or its affiliate(s) holds 5% or more of the share capital of the analysed company, or the analysed company holds 5% or more of the share capital of Hauck & Aufhäuser Privatbankiers KGaA or its affiliate(s),
- (5) or its affiliate(s) regularly holds a trading position in shares of the analysed company or derivatives thereof,
- (6) or its affiliate(s) manages the financial instruments of the analysed company on the basis of an existing contractual relationship,
- (7) or the analyst has any other significant financial interests relating to the analysed company such as, for example, exercising mandates in the interest of the analysed company or a significant conflict of interest with respect to the issuer,
- (8) The research report has been made available to the company prior to its publication. Thereafter, only factual changes have been made to the report.

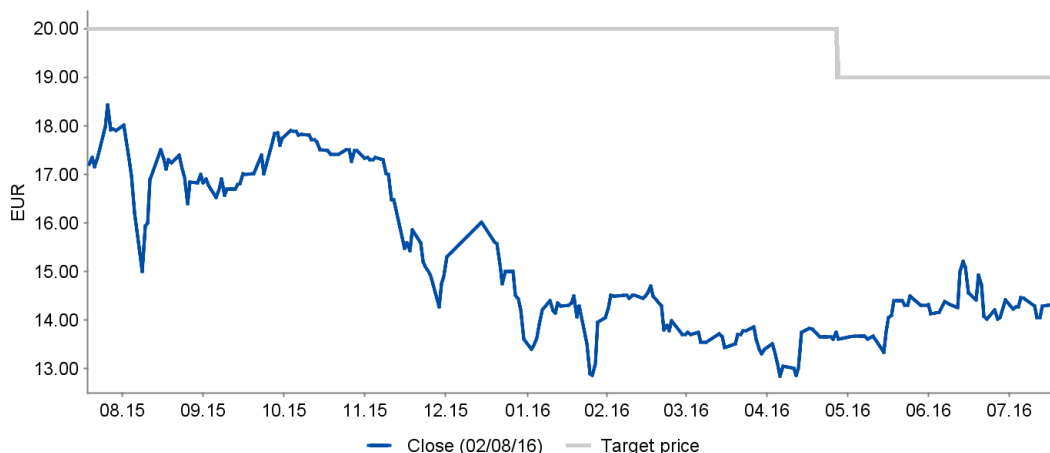
**Conflicts of interest that existed at the time when this research report was published:**

Company	Disclosure
Nabaltec AG	2

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

**Price and Rating History  
Nabaltec AG as of 03/08/16**

**Initiation coverage**  
14-April-11



**Hauck & Aufhäuser distribution of ratings and in proportion to investment banking services**

<b>Buy</b>	63.08 %	100.00 %
<b>Sell</b>	10.00 %	0.00 %
<b>Hold</b>	26.92 %	0.00 %

## 1. General Information/Liabilities

This research report has been produced for the information purposes of institutional investors only, and is not in any way a personal recommendation, offer or solicitation to buy or sell the financial instruments mentioned herein. The document is confidential and is made available by Hauck & Aufhäuser Privatbankiers KGaA, exclusively to selected recipients [in DE, GB, FR, CH, US, UK, Scandinavia, and Benelux or, in individual cases, also in other countries]. A distribution to private investors in the sense of the German Securities Trading Act (WpHG) is excluded. It is not allowed to pass the research report on to persons other than the intended recipient without the permission of Hauck & Aufhäuser Privatbankiers KGaA. Reproduction of this document, in whole or in part, is not permitted without prior permission Hauck & Aufhäuser Privatbankiers KGaA. All rights reserved.

Under no circumstances shall Hauck & Aufhäuser Privatbankiers KGaA, any of its employees involved in the preparation, have any liability for possible errors or incompleteness of the information included in this research report – neither in relation to indirect or direct nor consequential damages. Liability for damages arising either directly or as a consequence of the use of information, opinions and estimates is also excluded. Past performance of a financial instrument is not necessarily indicative of future performance.

## 2. Responsibilities

This research report was prepared by the research analyst named on the front page (the "Producer"). The Producer is solely responsible for the views and estimates expressed in this report. The report has been prepared independently. The content of the research report was not influenced by the issuer of the analysed financial instrument at any time. It may be possible that parts of the research report were handed out to the issuer for information purposes prior to the publication without any major amendments being made thereafter.

## 3. Organisational Requirements

Hauck & Aufhäuser Privatbankiers KGaA took internal organisational and regulative precautions to avoid or accordingly disclose possible conflicts of interest in connection with the preparation and distribution of the research report. All members of Hauck & Aufhäuser Privatbankiers KGaA involved in the preparation of the research report are subject to internal compliance regulations. No part of the Producer's compensation is directly or indirectly related to the preparation of this financial analysis.

## 4. Information Concerning the Methods of Valuation/Update

The determination of the fair value per share, i.e. the price target, and the resultant rating is done on the basis of the adjusted free cash flow (adj. FCF) method and on the basis of the discounted cash flow – DCF model. Furthermore, a peer group comparison is made.

The adj. FCF method is based on the assumption that investors purchase assets only at a price (enterprise value) at which the operating cash flow return after taxes on this investment exceeds their opportunity costs in the form of a hurdle rate of 7.5%. The operating cash flow is calculated as EBITDA less maintenance capex and taxes.

Within the framework of the DCF approach, the future free cash flows are calculated initially on the basis of a fictitious capital structure of 100% equity, i.e. interest and repayments on debt capital are not factored in initially. The adjustment towards the actual capital structure is done by discounting the calculated free cash flows with the weighted average cost of capital (WACC), which takes into account both the cost of equity capital and the cost of debt. After discounting, the calculated total enterprise value is reduced by the interest-bearing debt capital in order to arrive at the equity value.

Hauck & Aufhäuser Privatbankiers KGaA uses the following three-step rating system for the analysed companies:

Buy: Sustainable upside potential of more than 10% within 12 months  
Sell: Sustainable downside potential of more than 10% within 12 months.  
Hold: Upside/downside potential is limited. No immediate catalyst visible.

NB: The ratings of Hauck & Aufhäuser Privatbankiers KGaA are not based on a performance that is expected to be "relative" to the market.

The decision on the choice of the financial instruments analysed in this document was solely made by Hauck & Aufhäuser Privatbankiers KGaA. The opinions and estimates in this research report are subject to change without notice. It is within the discretion of Hauck & Aufhäuser Privatbankiers KGaA whether and when it publishes an update to this research report.

## 5. Major Sources of Information

Part of the information required for this research report was made available by the issuer of the financial instrument. Furthermore, this report is based on publicly available sources (such as, for example, Bloomberg, Reuters, VWD-Trader and the relevant daily press) believed to be reliable. Hauck & Aufhäuser Privatbankiers KGaA has checked the information for plausibility but not for accuracy or completeness.

## 6. Competent Supervisory Authority

Hauck & Aufhäuser Privatbankiers KGaA are under supervision of the BaFin – German Federal Financial Supervisory Authority Bundesanstalt für Finanzdienstleistungsaufsicht), Graurheindorfer Straße 108, 53117 Bonn and Marie-Curie-Straße 24 – 28, 60439 Frankfurt a.M.

This document is distributed in the UK under a MiFID EEA branch passport and in compliance with the applicable FCA requirements.

## 7. Specific Comments for Recipients Outside of Germany

This research report is subject to the law of the Federal Republic of Germany. The distribution of this information to other states in particular to the USA, Canada, Australia and Japan may be restricted or prohibited by the laws applicable within this state.

**Contacts: Hauck&Aufhäuser Privatbankiers KGaA****Hauck & Aufhäuser Research**

Hauck & Aufhäuser  
Privatbankiers KGaA  
Mittelweg 16/17

20148 Hamburg  
Germany

Tel.: +49 (0) 40 414 3885 - 93  
Fax: +49 (0) 40 414 3885 - 71  
Email: info@ha-research.de  
www.ha-research.de

**Sascha Berresch, CFA**  
Head of Research  
Tel.: +49 (0)40 414 3885 - 85  
E-Mail: sascha.berresch@ha-research.de

**Leonhard Bayer**  
Analyst  
Tel.: +49 (0)40 414 3885 - 79  
E-Mail: leonhard.bayer@ha-research.de

**Henning Breiter**  
Analyst  
Tel.: +49 (0)40 414 3885 - 73  
E-Mail: henning.breiter@ha-research.de

**Lars Dannenberg**  
Analyst  
Tel.: +49 (0)40 414 3885 - 92  
E-Mail: lars.dannenberg@ha-research.de

**Nils-Peter Gehrman**  
Analyst  
Tel.: +49 (0)40 414 3885 - 86  
E-Mail: nils-peter.gehrman@ha-research.de

**Christian Glowa**  
Analyst  
Tel.: +49 (0)40 414 3885 - 95  
E-Mail: christian.glowa@ha-research.de

**Aliaksandr Halitsa**  
Analyst  
Tel.: +49 (0)40 414 3885 - 83  
E-Mail: aliaksandr.halitsa@ha-research.de

**Christian Schwenkenbecher**  
Analyst  
Tel.: +49 (0)40 414 3885 - 76  
E-Mail: christian.schwenkenbecher@ha-research.de

**Torben Teichler**  
Analyst  
Tel.: +49 (0)40 414 3885 - 74  
E-Mail: torben.teichler@ha-research.de

**Tim Wunderlich, CFA**  
Analyst  
Tel.: +49 (0)40 414 3885 - 81  
E-Mail: tim.wunderlich@ha-research.de

**Hauck & Aufhäuser Sales**

**Christian Alisch**  
Sales  
Tel.: +49 (0)40 414 3885 - 99  
E-Mail: christian.alisch@ha-research.de

**Oliver Anderson**  
Sales  
Tel.: +44 207 408 1100  
E-Mail: oliver.anderson@ha-research.de

**Vincent Bischoff**  
Sales  
Tel.: +49 (0)40 414 3885 - 88  
E-Mail: vincent.bischoff@ha-research.de

**Georgina Harrold**  
Sales  
Tel.: +49 (0)40 414 3885 - 96  
E-Mail: georgina.harrold@ha-research.de

**Alexander Lachmann**  
Sales  
Tel.: +41 43 497 30 23  
E-Mail: alexander.lachmann@ha-research.de

**Hugues Madelin**  
Sales  
Tel.: +33 1 78 41 40 62  
E-Mail: hugues.madelin@ha-research.de

**Jan Neynaber**  
Sales  
Tel.: +49 (0) 69 2161-1268  
E-Mail: jan.neynaber@hauck-aufhaeuser.de

**Marco Schumann**  
Sales  
Tel.: +49 (0) 69 2161-1250  
E-Mail: marco.schumann@hauck-aufhaeuser.de

**Markus Weiss**  
Sales  
Tel.: +49 (0)40 414 3885 - 89  
E-Mail: markus.weiss@ha-research.de

**Toby Woods**  
Sales  
Tel.: +44 207 408 1100  
E-Mail: toby.woods@ha-research.de

**Hauck & Aufhäuser Sales Trading**

Hauck & Aufhäuser  
Privatbankiers KGaA  
Mittelweg 16/17

20148 Hamburg  
Germany

Tel.: +49 (0) 40 414 3885 - 75  
Fax: +49 (0) 40 414 3885 - 71  
Email: info@hauck-aufhaeuser.de  
www.hauck-aufhaeuser.de

**Mirko Brueggemann**  
Trading  
Tel.: +49 (0)40 414 3885 75  
E-Mail: mirko.brueggemann@hauck-aufhaeuser.de

**Christian von Schuler**  
Trading  
Tel.: +49 (0)40 414 3885 77  
E-Mail: christian.schuler@hauck-aufhaeuser.de

**Fin Schaffer**  
Trading  
Tel.: +49 (0)40 414 3885 98  
E-Mail: fin.schaffer@hauck-aufhaeuser.de

**Olga Bochenek**  
Middle-Office  
Tel.: +49 (0)40 414 3885 97  
E-Mail: olga.bochenek@hauck-aufhaeuser.de

**Carolin Weber**  
Middle-Office  
Tel.: +49 (0)40 414 3885 87  
E-Mail: carolin.weber@hauck-aufhaeuser.de