

# Nabaltec

## Germany - Chemicals/ Specialty Chemicals



HAUCK & AUFHÄUSER  
PRIVATBANKIERS SEIT 1796

**Buy** (old: Buy)

**Price target: EUR 23.50** (old: EUR 24.00)

<b>Price:</b>	EUR 14.45	<b>Next result:</b>	Q4 27.04.17
<b>Bloomberg:</b>	NTG GR	<b>Market cap:</b>	EUR 115.6 m
<b>Reuters:</b>	NTGG.DE	<b>Enterprise Value:</b>	EUR 184.7 m

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**Sascha Berresch, CFA**  
Analyst

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

### Q3 in-line but biased by one-offs // outlook remains sound

Nabaltec reported **Q3 '16 results which were biased by the temporary shutdown of the small US plant (Nashtec)**, i.e. extra freight costs for shipping products from Germany to the US and legal cost for handling the purchase process of shares of its JV partner. Positively, management stated that **Q4 profitability should improve again qoq** due to a very high utilisation of its German plant and the strong USD. Moreover, **management confirmed to us that it is on a good way of pushing through aimed price increases of 9.5%** for its core product (55% of sales) for 2016.

**Sales increased by 2.0% yoy to € 38.4m** (eH&A € 39.0m) in Q3 (+6% yoy in 9M) somewhat subdued by the shut down of Nashtec (US 13% of sales).

Despite the increase in gross profit by 6.4% yoy (margin +2pp to 48.3%), **EBIT was down by 6.0% yoy to € 2.5m** (eH&A € 2.5m) in Q3 biased by **extra freight and legal costs to the tune of € 1.5m**. Hence, underlying EBIT should have improved strongly.

**Positively, EPS was up 9.7% yoy to € 0.15** (eH&A € 0.13, flat on 9M basis) mainly due to "positive" minorities related to the Nashtec JV which incurred a loss in Q3 due to the shut down. As a result 9m EPS was unchanged yoy at € 0.68.

**Cash generation was strong with € 21m in CFO** within 9 months, sufficient to finance capex € 13.7m and interest costs € 1.4m. Net debt declined to € 37m while gross cash stayed stable at € 41m despite debt redemption of c. € 5m and dividends of € 1.2m.

**Action:** 2016 estimates are lowered mainly to account for further legal costs and a slight sales reduction somewhat compensated for by lower minorities. 2017 estimates reflect lower sales and hence EBIT as well as a higher tax rate of 30% (old 28%).

Nabaltec remains **well positioned in a global oligopoly to benefit from the structurally increasing demand** for environmental friendly flame retardants especially used in cables. Moreover, the **outlook for price increases has improved** given increasingly tight capacities, the consolidation in the US and the heavy investment of competitor Huber buying Martinswerke. Also, the **situation at its small JV plant in the US looks set to be solved in 2017**. Nabaltec is likely to buy out the JV partner and convert the plant into a stand alone plant (eH&A USD 10m investment & low single digit million USD for shares of JV partner and elimination of minorities - not yet reflected in estimates). **A valuation of 6.3x EV/EBITDA '17E looks highly attractive. BUY, new PT € 23.50** (old € 24) based on FCFY '18E. (continued)

Y/E 31.12 (EUR m)	2012	2013	2014	2015	2016E	2017E	2018E
Sales	129.2	132.9	143.3	151.3	159.5	167.5	178.4
Sales growth	0 %	3 %	8 %	6 %	5 %	5 %	6 %
EBITDA	18.8	19.8	22.4	24.6	24.6	28.2	31.8
EBIT	10.0	10.5	12.7	14.5	14.0	17.2	20.5
Net income	2.1	2.6	5.5	6.7	7.3	9.0	11.9
Net debt	55.2	50.8	44.2	41.3	41.1	35.7	23.2
Net gearing	111.7 %	99.4 %	83.9 %	71.7 %	61.9 %	45.2 %	28.6 %
Net Debt/EBITDA	2.9	2.6	2.0	1.7	1.7	1.3	0.7
EPS pro forma	0.26	0.33	0.69	0.84	0.91	1.13	1.49
CPS	1.31	0.17	1.25	1.15	1.29	1.48	1.57
DPS	0.00	0.06	0.12	0.15	0.18	0.23	0.40
Dividend yield	0.0 %	0.4 %	0.8 %	1.0 %	1.3 %	1.6 %	2.7 %
Gross profit margin	48.0 %	48.7 %	47.4 %	48.2 %	49.0 %	49.3 %	49.8 %
EBITDA margin	14.6 %	14.9 %	15.6 %	16.3 %	15.4 %	16.9 %	17.9 %
EBIT margin	7.8 %	7.9 %	8.8 %	9.6 %	8.8 %	10.3 %	11.5 %
ROCE	7.3 %	7.3 %	8.4 %	8.9 %	8.3 %	10.2 %	12.5 %
EV/sales	1.5	1.4	1.3	1.2	1.2	1.1	0.9
EV/EBITDA	10.0	9.4	8.3	7.5	7.5	6.4	5.2
EV/EBIT	18.8	17.6	14.6	12.8	13.2	10.4	8.1
PER	56.1	43.7	21.0	17.2	15.9	12.8	9.7
Adjusted FCF yield	5.4 %	5.8 %	6.4 %	6.8 %	7.1 %	8.4 %	10.6 %

Source: Company data, Hauck & Aufhäuser Close price as of: 29.11.2016



Source: Company data, Hauck & Aufhäuser

**High/low 52 weeks:** 16.02 / 12.85

**Price/Book Ratio:** 1.7

**Relative performance (SDAX):**

3 months 3.9 %

6 months 11.3 %

12 months -8.2 %

#### Changes in estimates

		Sales	EBIT	EPS
2016	old:	160.6	15.2	0.95
	Δ	-0.7%	-7.8%	-4.5%
2017	old:	170.2	18.3	1.25
	Δ	-1.6%	-5.7%	-9.6%
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.

	Q3 2016	Q3 2016 est	Q3 2015	yoy	9M 2016	9M 2015	yoy
<b>Sales</b>	<b>38.4</b>	<b>39.0</b>	<b>37.6</b>	2.0%	<b>122.4</b>	<b>115.4</b>	6.0%
Functional Fillers	25.4	26.0	24.8	2.5%	83.8	78.5	6.8%
Technical Ceramics	12.9	13.0	12.8	1.0%	38.5	36.9	4.4%
<b>Gross profit</b>	<b>18.5</b>	<b>18.3</b>	<b>17.4</b>	6.4%	<b>59.9</b>	<b>55.2</b>	8.6%
Gross margin	48.3%	46.9%	46.3%	+ 2.0 pp	49.0%	47.8%	+ 1.1 pp
<b>EBITDA</b>	<b>5.2</b>	<b>5.1</b>	<b>5.2</b>	-0.9%	<b>19.0</b>	<b>19.2</b>	-1.4%
EBITDA margin	13.5%	13.2%	13.9%	- 0.4 pp	15.5%	16.7%	- 1.2 pp
<b>EBIT</b>	<b>2.5</b>	<b>2.5</b>	<b>2.6</b>	-6.0%	<b>11.0</b>	<b>11.7</b>	-5.5%
EBIT margin	6.5%	6.4%	7.0%	- 0.6 pp	9.0%	10.1%	- 1.1 pp
Functional Fillers	6.6%	5.6%	8.9%	- 2.3 pp	10.7%	11.1%	- 0.3 pp
Technical Ceramics	6.3%	8.4%	3.5%	+ 2.8 pp	5.3%	8.0%	- 2.8 pp
<b>Net Profit</b>	<b>1.2</b>	<b>1.0</b>	<b>1.1</b>	9.7%	<b>5.5</b>	<b>5.4</b>	1.2%
Net margin	3.1%	2.6%	2.9%	+ 0.2 pp	4.5%	4.7%	- 0.2 pp
<b>EPS</b>	<b>0.15</b>	<b>0.13</b>	<b>0.14</b>	9.7%	<b>0.68</b>	<b>0.67</b>	1.2%

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>159.5</b>	<b>167.5</b>	<b>178.4</b>
<i>Sales growth</i>	0.1 %	2.9 %	7.8 %	5.6 %	5.4 %	5.0 %	6.5 %
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>159.5</b>	<b>167.5</b>	<b>178.4</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	81.3	84.9	89.5
Personnel expenses	21.8	22.5	25.4	26.8	28.7	30.1	31.4
Other operating expenses	23.2	23.8	22.7	24.3	26.5	26.0	27.5
Total operating expenses	110.5	114.6	120.6	128.6	134.9	139.2	146.5
<b>EBITDA</b>	<b>18.8</b>	<b>19.8</b>	<b>22.4</b>	<b>24.6</b>	<b>24.6</b>	<b>28.2</b>	<b>31.8</b>
Depreciation	8.8	9.2	9.7	10.2	10.6	11.0	11.3
<b>EBITA</b>	<b>10.0</b>	<b>10.5</b>	<b>12.7</b>	<b>14.5</b>	<b>14.0</b>	<b>17.2</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>14.0</b>	<b>17.2</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	3.2	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	-3.2	-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>10.8</b>	<b>14.3</b>	<b>18.2</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>4.1</b>	<b>4.7</b>	<b>8.5</b>	<b>10.8</b>	<b>10.8</b>	<b>14.3</b>	<b>18.2</b>
Taxes	1.1	0.9	2.5	3.4	3.4	4.3	5.4
<b>Net income from continuing operations</b>	<b>3.0</b>	<b>3.7</b>	<b>6.1</b>	<b>7.4</b>	<b>7.5</b>	<b>10.0</b>	<b>12.7</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>3.0</b>	<b>3.7</b>	<b>6.1</b>	<b>7.4</b>	<b>7.5</b>	<b>10.0</b>	<b>12.7</b>
Minority interest	1.0	1.1	0.6	0.7	0.2	1.0	0.8
<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>7.3</b>	<b>9.0</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>0.91</b>	<b>1.13</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 %	51.0 %	50.7 %	50.2 %
Personnel expenses	16.8 %	16.9 %	17.7 %	17.7 %	18.0 %	18.0 %	17.6 %
Other operating expenses	17.9 %	17.9 %	15.8 %	16.1 %	16.6 %	15.5 %	15.4 %
Total operating expenses	85.5 %	86.2 %	84.2 %	85.0 %	84.6 %	83.1 %	82.2 %
<b>EBITDA</b>	<b>14.6 %</b>	<b>14.9 %</b>	<b>15.6 %</b>	<b>16.3 %</b>	<b>15.4 %</b>	<b>16.9 %</b>	<b>17.9 %</b>
Depreciation	6.8 %	6.9 %	6.8 %	6.7 %	6.6 %	6.6 %	6.3 %
<b>EBITA</b>	<b>7.8 %</b>	<b>7.9 %</b>	<b>8.8 %</b>	<b>9.6 %</b>	<b>8.8 %</b>	<b>10.3 %</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>8.8 %</b>	<b>10.3 %</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 %	2.0 %	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 %	-2.0 %	-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>6.8 %</b>	<b>8.6 %</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>6.8 %</b>	<b>8.6 %</b>	<b>10.2 %</b>
Tax rate	26.8 %	20.2 %	28.8 %	31.5 %	31.0 %	30.0 %	30.0 %
<b>Net income from continuing operations</b>	<b>2.3 %</b>	<b>2.8 %</b>	<b>4.2 %</b>	<b>4.9 %</b>	<b>4.7 %</b>	<b>6.0 %</b>	<b>7.1 %</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>4.7 %</b>	<b>6.0 %</b>	<b>7.1 %</b>
Minority interest	0.7 %	0.8 %	0.4 %	0.5 %	0.1 %	0.6 %	0.4 %
<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>4.6 %</b>	<b>5.4 %</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	123.0	129.0	116.7
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>123.5</b>	<b>129.5</b>	<b>117.2</b>
Inventories	23.6	26.2	27.5	30.8	31.9	33.5	35.7
Accounts receivable	3.4	4.3	4.6	5.2	5.5	5.8	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	29.9	26.5	26.8
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>73.9</b>	<b>72.3</b>	<b>75.2</b>
<b>TOTAL ASSETS</b>	<b>161.5</b>	<b>176.3</b>	<b>178.8</b>	<b>201.9</b>	<b>197.4</b>	<b>201.8</b>	<b>192.4</b>
SHAREHOLDERS EQUITY	49.4	51.1	52.6	57.5	66.5	79.0	81.0
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	12.9	13.6	14.5
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)	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>42.6</b>	<b>43.2</b>	<b>41.9</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>197.4</b>	<b>201.8</b>	<b>192.4</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 %	62.3 %	63.9 %	60.7 %
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>62.6 %</b>	<b>64.2 %</b>	<b>60.9 %</b>
Inventories	14.6 %	14.9 %	15.4 %	15.2 %	16.2 %	16.6 %	18.5 %
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 %	15.2 %	13.1 %	14.0 %
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>37.4 %</b>	<b>35.8 %</b>	<b>39.1 %</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 %	39.2 %	42.1 %
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 %	24.8 %	20.8 %
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>44.8 %</b>	<b>39.4 %</b>	<b>36.1 %</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 %	6.7 %	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 %	8.3 %
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>21.4 %</b>	<b>21.8 %</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	7.5	10.0	12.7
Depreciation of fixed assets (incl. leases)	8.8	9.2	9.7	10.2	10.6	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	1.0	0.0	0.0
Cash flow from operations before changes in w/c	14.3	15.1	17.9	20.2	19.1	21.0	24.0
Increase/decrease in inventory	2.7	-2.6	-1.3	-3.2	-1.1	-1.6	-2.2
Increase/decrease in accounts receivable	-1.6	-1.3	-0.3	-0.6	-0.3	-0.3	-0.4
Increase/decrease in accounts payable	1.6	-2.9	1.2	2.4	0.7	0.6	-0.9
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	-0.7	-1.2	-3.4
<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>19.8</b>	<b>20.6</b>
CAPEX	10.6	2.6	10.0	13.1	17.0	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>-17.0</b>	<b>-13.0</b>	<b>-10.0</b>
Cash flow before financing	6.4	5.8	7.5	4.2	1.3	6.8	10.6
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>-13.7</b>
Increase/decrease in liquid assets	-2.0	15.5	-2.9	15.1	-12.4	-3.5	-3.1
<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>29.9</b>	<b>26.5</b>	<b>26.8</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	44.5	46.0
yoy change	-1.7 %	2.2 %	-0.4 %	2.8 %	2.7 %	3.5 %	3.4 %
Rest of Europe	59.9	63.6	68.5	73.2	76.5	80.0	82.8
yoy change	2.7 %	6.2 %	7.8 %	6.8 %	4.5 %	4.6 %	3.5 %
NAFTA	14.8	14.4	18.0	19.7	22.0	24.5	26.2
yoy change	-11.9 %	-2.3 %	24.8 %	9.4 %	11.6 %	11.4 %	7.0 %
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	18.0	18.5	23.3
yoy change	8.9 %	-3.1 %	14.7 %	2.9 %	9.1 %	2.6 %	26.4 %
<b>TTL</b>	<b>129.1</b>	<b>132.9</b>	<b>143.3</b>	<b>151.3</b>	<b>159.5</b>	<b>167.5</b>	<b>178.4</b>
yoy change	0.1 %	2.9 %	7.8 %	5.6 %	5.4 %	5.0 %	6.5 %

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 %	5.4 %	5.0 %	6.5 %
EBITDA growth	-8.5 %	4.9 %	13.2 %	10.2 %	-0.1 %	14.6 %	29.3 %
EBIT growth	-20.0 %	5.0 %	20.3 %	14.2 %	-3.1 %	22.8 %	46.4 %
EPS growth	-41.5 %	28.5 %	107.6 %	22.3 %	8.2 %	24.3 %	63.8 %
<b>Efficiency</b>							
Total operating costs / sales	85.5 %	86.2 %	84.2 %	85.0 %	84.6 %	83.1 %	82.2 %
Sales per employee	317.5	320.3	345.4	360.2	375.3	389.5	n/a
EBITDA per employee	46.3	47.6	53.9	58.7	58.0	65.7	n/a
<b>Balance sheet analysis</b>							
Avg. working capital / sales	13.6 %	14.4 %	15.3 %	15.2 %	15.1 %	15.0 %	14.5 %
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	97.6	98.1	99.0
<b>Cash flow analysis</b>							
Free cash flow	6.4	5.8	7.5	4.2	1.3	6.8	10.6
Free cash flow/sales	5.0 %	4.4 %	5.2 %	2.7 %	0.8 %	4.1 %	5.9 %
FCF / net profit	311.1 %	218.6 %	136.5 %	62.3 %	18.4 %	75.4 %	88.8 %
Capex / depre	120.4 %	27.8 %	103.1 %	128.4 %	160.4 %	118.2 %	88.5 %
Capex / maintenance capex	133.8 %	81.4 %	133.3 %	163.3 %	212.5 %	212.5 %	62.5 %
Capex / sales	8.2 %	1.9 %	7.0 %	8.6 %	10.7 %	7.8 %	n/a
<b>Security</b>							
Net debt	55.2	50.8	44.2	41.3	41.1	35.7	23.2
Net Debt/EBITDA	2.9	2.6	2.0	1.7	1.7	1.3	0.7
Net debt / equity	1.1	1.0	0.8	0.7	0.6	0.5	0.3
Interest cover	1.6	1.7	2.9	3.7	4.4	6.0	8.6
Dividend payout ratio	0.0 %	18.1 %	17.5 %	18.0 %	20.0 %	20.0 %	26.7 %
<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	1.2
Plant turnover	1.1	1.2	1.3	1.3	1.3	1.3	1.5
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 %	8.3 %	10.2 %	12.5 %
ROE	4.2 %	5.2 %	10.4 %	11.6 %	10.9 %	11.4 %	14.7 %
<b>Other</b>							
Interest paid / avg. debt	8.6 %	8.2 %	5.7 %	5.1 %	4.1 %	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	0.91	1.13	1.49
<b>Valuation ratios</b>							
P/BV	2.3	2.3	2.2	2.0	1.7	1.5	1.4
EV/sales	1.5	1.4	1.3	1.2	1.2	1.1	0.9
EV/EBITDA	10.0	9.4	8.3	7.5	7.5	6.4	5.2
EV/EBITA	18.8	17.6	14.6	12.8	13.2	10.4	8.1
EV/EBIT	18.8	17.6	14.6	12.8	13.2	10.4	8.1
EV/FCF	29.5	32.0	24.7	44.5	138.1	26.3	15.8
Adjusted FCF yield	5.4 %	5.8 %	6.4 %	6.8 %	7.1 %	8.4 %	10.6 %
Dividend yield	0.0 %	0.4 %	0.8 %	1.0 %	1.3 %	1.6 %	2.7 %

Source: Company data, Hauck & Aufhäuser

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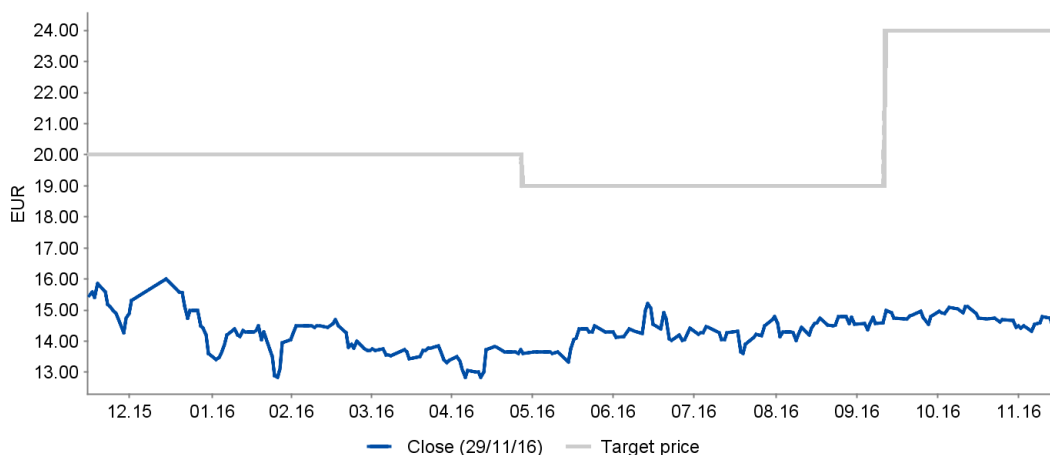
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Company	Disclosure
Nabaltec AG	2

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

**Price and Rating History  
Nabaltec AG as of 30/11/16**

**Initiation coverage**  
14-April-11



Company	Date	Analyst	Rating	Target price	Close
Nabaltec	27.09.2016		Buy	EUR 24.00	-
	31.08.2016		Buy	EUR 19.00	-
	03.08.2016		Buy	EUR 19.00	-
	01.06.2016		Buy	EUR 19.00	-
	13.05.2016		Buy	EUR 19.00	-
	02.03.2016		Buy	EUR 20.00	-

18.12.2015

Buy

EUR 20.00

-

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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.

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**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 40 414 3885 85  
E-Mail: sascha.berresch@ha-research.de

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

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

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

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

**Pierre Gröning**  
Analyst  
Tel.: +49 40 450 6342 30 92  
E-Mail: pierre.groening@ha-research.de

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

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

**Christian Salis**  
Analyst  
Tel.: +49 40 414 3885 96  
E-Mail: christian.salis@ha-research.de

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

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

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

**Hauck & Aufhäuser Sales**

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

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

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

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

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

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

**Georgina Harrold**  
Sales  
Tel.: +49 69 2161 1299  
E-Mail: georgina.harrold@hauck-aufhaeuser.de

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

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

**JPP Eurosecurities Inc.**  
Sales North America  
**Quinn Raftery**  
Tel.: + 1 231 649 4998  
E-Mail: quinn.raftery@haa-na.com

**Hauck & Aufhäuser Sales Trading**

Hauck & Aufhäuser  
Privatbankiers KGaA  
Mittelweg 16/17  
20148 Hamburg  
Germany

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

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

**Joseph Kaselak**  
Trading  
Tel.: +49 40 450 6342 3093  
E-Mail: joseph.kaselak@hauck-aufhaeuser.de

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

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

**Kathleen Jonas**  
Middle-Office  
Tel.: +49 40 414 3885 97  
E-Mail: kathleen.jonas@hauck-aufhaeuser.de

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