

# Nabaltec

## Germany - Chemicals/ Specialty Chemicals



HAUCK & AUFHÄUSER  
PRIVATBANKIERS SEIT 1796

**Buy** (old: Buy)

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

<b>Price:</b>	EUR 17.86	<b>Next result:</b>	AGM 27.06.17
<b>Bloomberg:</b>	NTG GR	<b>Market cap:</b>	EUR 142.9 m
<b>Reuters:</b>	NTGG.DE	<b>Enterprise Value:</b>	EUR 223.8 m

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### Jump in orderbook & strong underlying dynamic

While Q1 results were in-line with prel. figures, the report reveals interesting details. Backed by a strong order intake, **management confirmed its outlook** of single digit sales growth and a high single digit EBIT margin (eH&A 5% growth & 9.3% margin). In our view, **even our estimates look conservative for the following reasons:**

- § **2016 adj EBIT margin stood at c. 10%** while reported EBIT margin was biased by an adj. to pension liabilities (€ 3.2m) and one-offs related to Nashtec (> € 1m).
- § **Q2-Q4 '17E should not be biased by one-offs anymore** as the purchase of debt of Nashtec against the former JV partner at a discount (eH&A 65% of FV) allowed to book a provision of € 3.2m which should compensate operational losses.
- § **Nabaltec seems to partially get through price increases**, visible in an increase in the gross-margin by 1.8pp yoy to 50.5% in Q1. The company announced an increase of 9.5% for its core product (c. 55% of sales) for '17 at the end of '16.
- § **A jump in the order book by > 80% yoy to € 53.5m** supports visibility for strong operational results and point to the fact that capacities are tight.

In fact, **Q1 adj. EBIT is seen up significantly by >40% at € 5.0m with an adj EBIT margin of >11%** driven by price increases and economies of scale.

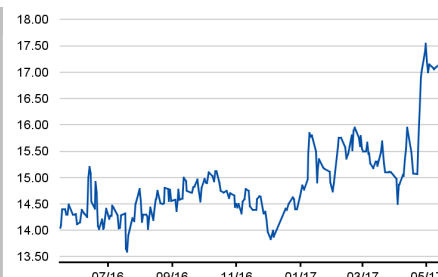
The report also reveals that **Nabaltec paid as little as € 0.5m for the outstanding c. 50% JV stake in Nashtec**. With the conversion and expansion of Nashtec (c. € 15m capex), the plant should have a capacity of 30k tpa (2018). This should **deliver c. € 20m sales p.a. at above average margins (eH&A c. 15%)** as the plant will solely produce the premium flame retardant for cables also benefiting from low energy prices.

Being the market leader in a global oligopoly for environmental friendly flame retardants especially used in cables, while benefiting from structural substitution demand of hazardous substances, a valuation of 6.6x EV/EBITDA '18E looks undemanding (**M&A multiples ranged from 10-15x suggesting a value range of € 25-40 per share** on '17 estimates). After a year of investments in 2017, the cash flow cycle should also turn into investors favour as capex are seen at around D&A from 2018 onwards. **FCF to equity is hence expected to increase to c. € 2.00 per share by 2019E**. This should allow to significantly reduce net debt AND increase dividends at the same time.

**BUY, PT € 23.50 based on FCFY '18E.**

Y/E 31.12 (EUR m)	2013	2014	2015	2016	2017E	2018E	2019E
Sales	132.9	143.3	151.3	159.2	167.5	178.4	189.1
Sales growth	3 %	8 %	6 %	5 %	5 %	6 %	6 %
EBITDA	19.8	22.4	24.6	22.9	27.4	32.4	36.1
EBIT	10.5	12.7	14.5	12.2	15.6	19.8	23.5
Net income	2.6	5.5	6.7	5.3	8.9	12.0	15.1
Net debt	50.8	44.2	41.3	36.4	42.9	32.8	18.1
Net gearing	99.4 %	83.9 %	71.7 %	63.6 %	66.3 %	44.6 %	20.9 %
Net Debt/EBITDA	2.6	2.0	1.7	1.6	1.6	1.0	0.5
EPS pro forma	0.33	0.69	0.84	1.07	1.11	1.50	1.89
CPS	0.17	1.25	1.15	1.88	1.46	1.66	2.05
DPS	0.06	0.12	0.15	0.15	0.22	0.38	0.47
Dividend yield	0.3 %	0.7 %	0.8 %	0.8 %	1.2 %	2.1 %	2.6 %
Gross profit margin	48.7 %	47.4 %	48.2 %	49.3 %	49.4 %	49.7 %	50.0 %
EBITDA margin	14.9 %	15.6 %	16.3 %	14.4 %	16.4 %	18.2 %	19.1 %
EBIT margin	7.9 %	8.8 %	9.6 %	7.7 %	9.3 %	11.1 %	12.4 %
ROCE	7.3 %	8.4 %	8.9 %	7.1 %	9.2 %	11.5 %	13.6 %
EV/sales	1.6	1.5	1.4	1.4	1.3	1.2	1.1
EV/EBITDA	10.8	9.5	8.6	9.5	8.2	6.6	5.5
EV/EBIT	20.2	16.8	14.7	17.8	14.3	10.8	8.5
PER	54.0	26.0	21.3	16.7	16.1	11.9	9.5
Adjusted FCF yield	5.1 %	5.6 %	5.9 %	5.1 %	7.0 %	9.1 %	11.2 %

Source: Company data, Hauck & Aufhäuser Close price as of: 30.05.2017



Source: Company data, Hauck & Aufhäuser

<b>High/low 52 weeks:</b>	17.86 / 13.60
<b>Price/Book Ratio:</b>	2.2
<b>Relative performance (SDAX):</b>	
3 months	3.5 %
6 months	0.1 %
12 months	10.9 %

### Changes in estimates

		Sales	EBIT	EPS
2017	old:	167.5	15.6	1.11
	Δ	-	-	-
2018	old:	178.4	19.8	1.50
	Δ	-	-	0.0%
2019	old:	189.1	23.5	1.89
	Δ	-	-	0.0%

### Key share data:

Number of shares: (in m pcs)	8.0
Authorised capital: (in € m)	4.0
Book value per share: (in €)	8.1
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.

## Financials

Profit and loss (EUR m)	2013	2014	2015	2016	2017E	2018E	2019E
<b>Net sales</b>	<b>132.9</b>	<b>143.3</b>	<b>151.3</b>	<b>159.2</b>	<b>167.5</b>	<b>178.4</b>	<b>189.1</b>
<i>Sales growth</i>	2.9 %	7.8 %	5.6 %	5.2 %	5.2 %	6.5 %	6.0 %
Increase/decrease in finished goods and work-in-process	1.4	-0.3	1.9	0.4	0.0	0.0	0.0
<b>Total sales</b>	<b>134.3</b>	<b>143.0</b>	<b>153.2</b>	<b>159.6</b>	<b>167.5</b>	<b>178.4</b>	<b>189.1</b>
Other operating income	1.3	2.6	2.8	2.2	1.8	2.0	2.1
Material expenses	69.6	75.1	80.3	80.9	84.8	89.8	94.5
Personnel expenses	22.5	25.4	26.8	31.7	29.6	30.8	32.3
Other operating expenses	23.8	22.7	24.3	26.2	27.6	27.3	28.2
Total operating expenses	114.6	120.6	128.6	136.7	140.1	146.0	153.0
<b>EBITDA</b>	<b>19.8</b>	<b>22.4</b>	<b>24.6</b>	<b>22.9</b>	<b>27.4</b>	<b>32.4</b>	<b>36.1</b>
Depreciation	9.2	9.7	10.2	10.7	11.8	12.6	12.6
<b>EBITA</b>	<b>10.5</b>	<b>12.7</b>	<b>14.5</b>	<b>12.2</b>	<b>15.6</b>	<b>19.8</b>	<b>23.5</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>10.5</b>	<b>12.7</b>	<b>14.5</b>	<b>12.2</b>	<b>15.6</b>	<b>19.8</b>	<b>23.5</b>
Interest income	0.3	0.2	0.3	0.3	0.0	0.0	0.0
Interest expenses	6.2	4.3	3.9	3.3	2.9	2.7	2.4
Other financial result	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-5.9	-4.2	-3.7	-3.1	-2.9	-2.7	-2.4
<b>Recurring pretax income from continuing operations</b>	<b>4.7</b>	<b>8.5</b>	<b>10.8</b>	<b>9.2</b>	<b>12.7</b>	<b>17.2</b>	<b>21.1</b>
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Earnings before taxes</b>	<b>4.7</b>	<b>8.5</b>	<b>10.8</b>	<b>9.2</b>	<b>12.7</b>	<b>17.2</b>	<b>21.1</b>
Taxes	0.9	2.5	3.4	3.9	3.8	5.1	6.0
<b>Net income from continuing operations</b>	<b>3.7</b>	<b>6.1</b>	<b>7.4</b>	<b>5.3</b>	<b>8.9</b>	<b>12.0</b>	<b>15.1</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>3.7</b>	<b>6.1</b>	<b>7.4</b>	<b>5.3</b>	<b>8.9</b>	<b>12.0</b>	<b>15.1</b>
Minority interest	1.1	0.6	0.7	-0.1	0.0	0.0	0.0
<b>Net income (net of minority interest)</b>	<b>2.6</b>	<b>5.5</b>	<b>6.7</b>	<b>5.3</b>	<b>8.9</b>	<b>12.0</b>	<b>15.1</b>
Average number of shares	8.0	8.0	8.0	8.0	8.0	8.0	8.0
<b>EPS reported</b>	<b>0.33</b>	<b>0.69</b>	<b>0.84</b>	<b>0.67</b>	<b>1.11</b>	<b>1.50</b>	<b>1.89</b>

Profit and loss (common size)	2013	2014	2015	2016	2017E	2018E	2019E
<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	1.0 %	-0.2 %	1.3 %	0.2 %	0.0 %	0.0 %	0.0 %
<b>Total sales</b>	<b>101.0 %</b>	<b>99.8 %</b>	<b>101.3 %</b>	<b>100.2 %</b>	<b>100.0 %</b>	<b>100.0 %</b>	<b>100.0 %</b>
Other operating income	1.0 %	1.8 %	1.9 %	1.4 %	1.1 %	1.1 %	1.1 %
Material expenses	52.4 %	52.4 %	53.1 %	50.8 %	50.6 %	50.4 %	50.0 %
Personnel expenses	16.9 %	17.7 %	17.7 %	19.9 %	17.7 %	17.3 %	17.1 %
Other operating expenses	17.9 %	15.8 %	16.1 %	16.5 %	16.5 %	15.3 %	14.9 %
Total operating expenses	86.2 %	84.2 %	85.0 %	85.8 %	83.6 %	81.8 %	80.9 %
<b>EBITDA</b>	<b>14.9 %</b>	<b>15.6 %</b>	<b>16.3 %</b>	<b>14.4 %</b>	<b>16.4 %</b>	<b>18.2 %</b>	<b>19.1 %</b>
Depreciation	6.9 %	6.8 %	6.7 %	6.7 %	7.0 %	7.1 %	6.7 %
<b>EBITA</b>	<b>7.9 %</b>	<b>8.8 %</b>	<b>9.6 %</b>	<b>7.7 %</b>	<b>9.3 %</b>	<b>11.1 %</b>	<b>12.4 %</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>7.9 %</b>	<b>8.8 %</b>	<b>9.6 %</b>	<b>7.7 %</b>	<b>9.3 %</b>	<b>11.1 %</b>	<b>12.4 %</b>
Interest income	0.2 %	0.1 %	0.2 %	0.2 %	0.0 %	0.0 %	0.0 %
Interest expenses	4.6 %	3.0 %	2.6 %	2.1 %	1.7 %	1.5 %	1.3 %
Other financial result	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	-4.4 %	-2.9 %	-2.4 %	-1.9 %	-1.7 %	-1.5 %	-1.3 %
<b>Recurring pretax income from continuing operations</b>	<b>3.5 %</b>	<b>5.9 %</b>	<b>7.1 %</b>	<b>5.8 %</b>	<b>7.6 %</b>	<b>9.6 %</b>	<b>11.2 %</b>
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Earnings before taxes</b>	<b>3.5 %</b>	<b>5.9 %</b>	<b>7.1 %</b>	<b>5.8 %</b>	<b>7.6 %</b>	<b>9.6 %</b>	<b>11.2 %</b>
Tax rate	20.2 %	28.8 %	31.5 %	42.3 %	30.0 %	30.0 %	28.5 %
<b>Net income from continuing operations</b>	<b>2.8 %</b>	<b>4.2 %</b>	<b>4.9 %</b>	<b>3.3 %</b>	<b>5.3 %</b>	<b>6.7 %</b>	<b>8.0 %</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>2.8 %</b>	<b>4.2 %</b>	<b>4.9 %</b>	<b>3.3 %</b>	<b>5.3 %</b>	<b>6.7 %</b>	<b>8.0 %</b>
Minority interest	0.8 %	0.4 %	0.5 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Net income (net of minority interest)</b>	<b>2.0 %</b>	<b>3.8 %</b>	<b>4.4 %</b>	<b>3.4 %</b>	<b>5.3 %</b>	<b>6.7 %</b>	<b>8.0 %</b>

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2013	2014	2015	2016	2017E	2018E	2019E
<b>Intangible assets</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>	<b>0.5</b>
Property, plant and equipment	111.8	112.0	116.6	125.3	138.5	135.9	131.3
Financial assets	0.0	0.0	0.0	0.1	0.1	0.1	0.1
<b>FIXED ASSETS</b>	<b>112.0</b>	<b>112.4</b>	<b>117.1</b>	<b>125.9</b>	<b>139.1</b>	<b>136.5</b>	<b>131.9</b>
Inventories	26.2	27.5	30.8	30.9	32.5	34.6	36.7
Accounts receivable	4.3	4.6	5.2	3.1	3.3	3.5	3.7
Other current assets	3.8	7.0	6.5	5.5	5.5	5.5	5.5
Liquid assets	29.7	27.2	42.3	36.2	19.4	28.2	32.9
Deferred taxes	0.3	0.1	0.0	1.1	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>64.2</b>	<b>66.4</b>	<b>84.8</b>	<b>76.8</b>	<b>60.6</b>	<b>71.8</b>	<b>78.8</b>
<b>TOTAL ASSETS</b>	<b>176.3</b>	<b>178.8</b>	<b>201.9</b>	<b>202.7</b>	<b>199.7</b>	<b>208.3</b>	<b>210.6</b>
SHAREHOLDERS EQUITY	51.1	52.6	57.5	57.2	64.6	73.5	86.8
MINORITY INTEREST	-0.8	-0.2	0.6	0.6	0.0	0.0	0.0
Long-term debt	70.6	61.4	71.3	71.3	61.0	51.0	41.0
Provisions for pensions and similar obligations	18.9	25.3	28.0	38.1	38.1	38.1	38.1
Other provisions	1.6	2.4	2.6	2.4	2.1	2.1	2.1
<b>Non-current liabilities</b>	<b>91.1</b>	<b>89.0</b>	<b>101.9</b>	<b>111.8</b>	<b>101.2</b>	<b>91.2</b>	<b>81.2</b>
short-term liabilities to banks	9.9	10.0	12.2	1.2	1.2	10.0	10.0
Accounts payable	8.7	9.9	12.3	14.5	15.3	16.3	17.3
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)	13.3	15.9	15.9	16.4	16.4	16.4	14.4
Deferred taxes	2.9	1.5	1.5	1.0	1.0	1.0	1.0
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
<b>Current liabilities</b>	<b>34.8</b>	<b>37.4</b>	<b>41.9</b>	<b>33.2</b>	<b>33.9</b>	<b>43.7</b>	<b>42.7</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS EQUITY</b>	<b>176.2</b>	<b>178.8</b>	<b>201.9</b>	<b>202.7</b>	<b>199.7</b>	<b>208.3</b>	<b>210.6</b>

Balance sheet (common size)	2013	2014	2015	2016	2017E	2018E	2019E
<b>Intangible assets</b>	<b>0.1 %</b>	<b>0.2 %</b>	<b>0.3 %</b>	<b>0.2 %</b>	<b>0.3 %</b>	<b>0.2 %</b>	<b>0.2 %</b>
Property, plant and equipment	63.4 %	62.6 %	57.7 %	61.8 %	69.3 %	65.2 %	62.3 %
Financial assets	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>FIXED ASSETS</b>	<b>63.6 %</b>	<b>62.8 %</b>	<b>58.0 %</b>	<b>62.1 %</b>	<b>69.6 %</b>	<b>65.5 %</b>	<b>62.6 %</b>
Inventories	14.9 %	15.4 %	15.2 %	15.2 %	16.3 %	16.6 %	17.4 %
Accounts receivable	2.4 %	2.5 %	2.6 %	1.5 %	1.6 %	1.7 %	1.7 %
Other current assets	2.1 %	3.9 %	3.2 %	2.7 %	2.8 %	2.7 %	2.6 %
Liquid assets	16.8 %	15.2 %	20.9 %	17.9 %	9.7 %	13.6 %	15.6 %
Deferred taxes	0.2 %	0.1 %	0.0 %	0.6 %	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>36.4 %</b>	<b>37.1 %</b>	<b>42.0 %</b>	<b>37.9 %</b>	<b>30.4 %</b>	<b>34.5 %</b>	<b>37.4 %</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	29.0 %	29.4 %	28.5 %	28.2 %	32.4 %	35.3 %	41.2 %
MINORITY INTEREST	-0.4 %	-0.1 %	0.3 %	0.3 %	0.0 %	0.0 %	0.0 %
Long-term debt	40.0 %	34.3 %	35.3 %	35.2 %	30.5 %	24.5 %	19.5 %
Provisions for pensions and similar obligations	10.7 %	14.1 %	13.8 %	18.8 %	19.1 %	18.3 %	18.1 %
Other provisions	0.9 %	1.3 %	1.3 %	1.2 %	1.1 %	1.0 %	1.0 %
<b>Non-current liabilities</b>	<b>51.7 %</b>	<b>49.8 %</b>	<b>50.5 %</b>	<b>55.1 %</b>	<b>50.7 %</b>	<b>43.8 %</b>	<b>38.5 %</b>
short-term liabilities to banks	5.6 %	5.6 %	6.1 %	0.6 %	0.6 %	4.8 %	4.7 %
Accounts payable	4.9 %	5.5 %	6.1 %	7.2 %	7.7 %	7.8 %	8.2 %
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)	7.5 %	8.9 %	7.9 %	8.1 %	8.2 %	7.9 %	6.8 %
Deferred taxes	1.6 %	0.8 %	0.7 %	0.5 %	0.5 %	0.5 %	0.5 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
<b>Current liabilities</b>	<b>19.7 %</b>	<b>20.9 %</b>	<b>20.8 %</b>	<b>16.4 %</b>	<b>17.0 %</b>	<b>21.0 %</b>	<b>20.2 %</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)	2013	2014	2015	2016	2017E	2018E	2019E
Net profit/loss	3.7	6.1	7.4	5.3	8.9	12.0	15.1
Depreciation of fixed assets (incl. leases)	9.2	9.7	10.2	10.7	11.8	12.6	12.6
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	2.2	2.1	2.7	2.8	0.0	0.0	0.0
Cash flow from operations before changes in w/c	15.1	17.9	20.2	18.8	20.7	24.6	27.7
Increase/decrease in inventory	-2.6	-1.3	-3.2	-0.1	-1.6	-2.1	-2.1
Increase/decrease in accounts receivable	-1.3	-0.3	-0.6	2.1	-0.2	-0.2	-0.2
Increase/decrease in accounts payable	-2.9	1.2	2.4	2.2	0.8	-1.0	-1.0
Increase/decrease in other working capital positions	0.0	0.0	-1.5	0.0	0.0	0.0	0.0
Increase/decrease in working capital	-6.8	-0.4	-3.0	4.3	-1.0	-3.3	-3.3
<b>Cash flow from operating activities</b>	<b>8.3</b>	<b>17.5</b>	<b>17.2</b>	<b>23.0</b>	<b>19.7</b>	<b>21.3</b>	<b>24.4</b>
CAPEX	2.6	10.0	13.1	17.0	24.4	10.0	8.0
Payments for acquisitions	0.0	0.0	0.0	0.0	0.6	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>-2.6</b>	<b>-10.0</b>	<b>-13.1</b>	<b>-17.0</b>	<b>-25.0</b>	<b>-10.0</b>	<b>-8.0</b>
Cash flow before financing	5.8	7.5	4.2	6.0	-5.3	11.3	16.4
Increase/decrease in debt position	9.7	-10.0	12.2	-11.8	-10.3	-1.2	-10.0
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	0.5	1.0	1.2	1.2	1.2	1.8
Others	0.0	0.0	-0.6	0.6	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.0	0.4	0.2	0.0	0.0	0.0
<b>Cash flow from financing activities</b>	<b>9.7</b>	<b>-10.4</b>	<b>10.6</b>	<b>-12.4</b>	<b>-11.5</b>	<b>-2.4</b>	<b>-11.8</b>
Increase/decrease in liquid assets	15.5	-2.9	15.1	-6.1	-16.8	8.9	4.6
<b>Liquid assets at end of period</b>	<b>30.1</b>	<b>27.2</b>	<b>42.3</b>	<b>36.2</b>	<b>19.4</b>	<b>28.2</b>	<b>32.9</b>

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2013	2014	2015	2016	2017E	2018E	2019E
Domestic	40.9	40.7	41.9	42.4	44.5	46.0	46.0
yoy change	2.2 %	-0.4 %	2.8 %	1.2 %	5.0 %	3.4 %	0.0 %
Rest of Europe	63.6	68.5	73.2	78.3	80.0	82.8	85.7
yoy change	6.2 %	7.8 %	6.8 %	7.0 %	2.2 %	3.5 %	3.5 %
NAFTA	14.4	18.0	19.7	20.2	24.5	26.2	28.1
yoy change	-2.3 %	24.8 %	9.4 %	2.6 %	21.1 %	7.0 %	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	14.0	16.0	16.5	18.3	18.5	23.4	29.3
yoy change	-3.1 %	14.7 %	2.9 %	10.8 %	1.2 %	26.3 %	25.5 %
<b>TTL</b>	<b>132.9</b>	<b>143.3</b>	<b>151.3</b>	<b>159.2</b>	<b>167.5</b>	<b>178.4</b>	<b>189.1</b>
yoy change	2.9 %	7.8 %	5.6 %	5.2 %	5.2 %	6.5 %	6.0 %

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2013	2014	2015	2016	2017E	2018E	2019E
<b>P&amp;L growth analysis</b>							
Sales growth	2.9 %	7.8 %	5.6 %	5.2 %	5.2 %	6.5 %	6.0 %
EBITDA growth	4.9 %	13.2 %	10.2 %	-7.0 %	19.6 %	41.5 %	31.7 %
EBIT growth	5.0 %	20.3 %	14.2 %	-15.5 %	27.6 %	62.1 %	50.5 %
EPS growth	28.5 %	107.6 %	22.3 %	-20.4 %	66.4 %	124.6 %	69.5 %
<b>Efficiency</b>							
Total operating costs / sales	86.2 %	84.2 %	85.0 %	85.8 %	83.6 %	81.8 %	80.9 %
Sales per employee	320.3	341.3	348.6	353.8	372.2	396.4	420.2
EBITDA per employee	47.6	53.3	56.8	50.9	60.9	72.1	80.2
<b>Balance sheet analysis</b>							
Avg. working capital / sales	14.4 %	15.3 %	15.2 %	13.6 %	11.9 %	11.6 %	11.5 %
Inventory turnover (sales/inventory)	5.1	5.2	4.9	5.2	5.2	5.2	5.2
Trade debtors in days of sales	11.8	11.6	12.5	7.1	7.1	7.1	7.1
A/P turnover [(A/P*365)/sales]	23.9	25.3	29.6	33.3	33.3	33.3	33.3
Cash conversion cycle (days)	103.6	97.2	96.7	80.8	81.2	81.6	82.1
<b>Cash flow analysis</b>							
Free cash flow	5.8	7.5	4.2	6.0	-4.7	11.3	16.4
Free cash flow/sales	4.4 %	5.2 %	2.7 %	3.8 %	-2.8 %	6.3 %	8.7 %
FCF / net profit	218.6 %	136.5 %	62.3 %	112.5 %	-52.9 %	94.0 %	108.9 %
Capex / depre	27.8 %	103.1 %	128.4 %	159.2 %	206.8 %	79.4 %	63.5 %
Capex / maintenance capex	81.4 %	133.3 %	163.3 %	212.6 %	275.0 %	125.0 %	100.0 %
Capex / sales	1.9 %	7.0 %	8.6 %	10.7 %	14.6 %	n/a	n/a
<b>Security</b>							
Net debt	50.8	44.2	41.3	36.4	42.9	32.8	18.1
Net Debt/EBITDA	2.6	2.0	1.7	1.6	1.6	1.0	0.5
Net debt / equity	1.0	0.8	0.7	0.6	0.7	0.4	0.2
Interest cover	1.7	2.9	3.7	3.7	5.4	7.3	9.6
Dividend payout ratio	18.1 %	17.5 %	18.0 %	22.4 %	20.0 %	25.0 %	25.0 %
<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	1.1	1.1	1.1	1.1	1.1	1.2
Plant turnover	1.2	1.3	1.3	1.3	1.2	1.3	1.4
Inventory turnover (sales/inventory)	5.1	5.2	4.9	5.2	5.2	5.2	5.2
<b>Returns</b>							
ROCE	7.3 %	8.4 %	8.9 %	7.1 %	9.2 %	11.5 %	13.6 %
ROE	5.2 %	10.4 %	11.6 %	9.4 %	13.8 %	16.4 %	17.4 %
<b>Other</b>							
Interest paid / avg. debt	8.2 %	5.7 %	5.1 %	4.3 %	4.3 %	4.0 %	4.3 %
No. employees (average)	415	420	434	450	450	450	450
Number of shares	8.0	8.0	8.0	8.0	8.0	8.0	8.0
DPS	0.1	0.1	0.2	0.2	0.2	0.4	0.5
EPS reported	0.33	0.69	0.84	0.67	1.11	1.50	1.89
<b>Valuation ratios</b>							
P/BV	2.8	2.7	2.5	2.5	2.2	1.9	1.6
EV/sales	1.6	1.5	1.4	1.4	1.3	1.2	1.1
EV/EBITDA	10.8	9.5	8.6	9.5	8.2	6.6	5.5
EV/EBITA	20.2	16.8	14.7	17.8	14.3	10.8	8.5
EV/EBIT	20.2	16.8	14.7	17.8	14.3	10.8	8.5
EV/FCF	36.8	28.3	51.1	36.1	-47.5	18.9	12.1
Adjusted FCF yield	5.1 %	5.6 %	5.9 %	5.1 %	7.0 %	9.1 %	11.2 %
Dividend yield	0.3 %	0.7 %	0.8 %	0.8 %	1.2 %	2.1 %	2.6 %

Source: Company data, Hauck & Aufhäuser

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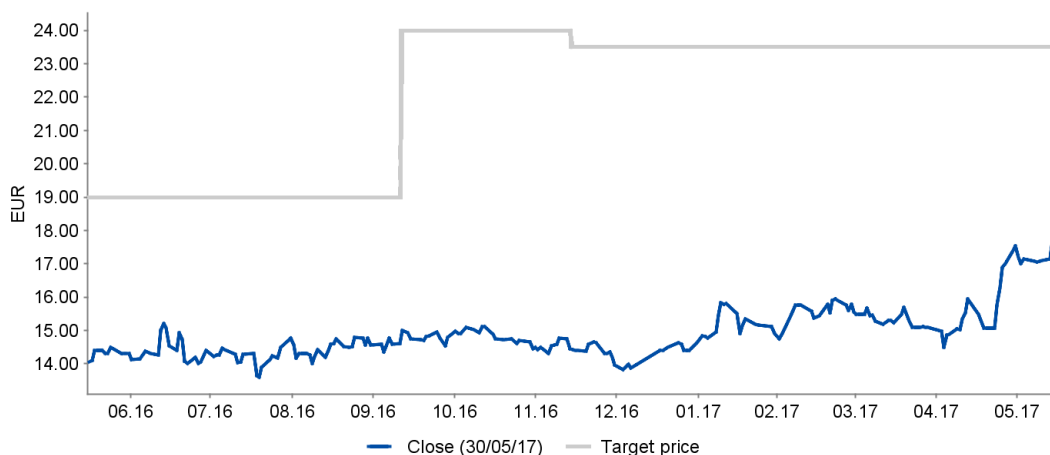
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Company	Disclosure
Nabaltec AG	2

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

**Price and Rating History  
Nabaltec AG as of 31/05/17**

Initiation coverage  
14-April-11



Company	Date	Analyst	Rating	Target price	Close
Nabaltec	04.05.2017	Berresch, CFA, Sascha	Buy	EUR 23.50	EUR 15.08
	22.03.2017	Berresch, CFA, Sascha	Buy	EUR 23.50	EUR 15.45
	20.03.2017	Berresch, CFA, Sascha	Buy	EUR 23.50	EUR 15.49
	30.11.2016	Berresch, CFA, Sascha	Buy	EUR 23.50	EUR 14.45
	27.09.2016	Berresch, CFA, Sascha	Buy	EUR 24.00	EUR 15.00
	31.08.2016	Berresch, CFA, Sascha	Buy	EUR 19.00	EUR 14.58

03.08.2016	Berresch, CFA, Sascha	Buy	EUR 19.00	EUR 13.65
01.06.2016	Berresch, CFA, Sascha	Buy	EUR 19.00	EUR 14.05

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