

Nabaltec

Germany - Chemicals/ Specialty Chemicals



HAUCK & AUFHÄUSER
PRIVATBANKIERS SEIT 1796

Buy (old: Buy)

Price target: EUR 39.00 (old: EUR 36.00)

Price:	EUR 29.00	Next result:	FY 2017 30.04.17
Bloomberg:	NTG@GR	Market cap:	EUR 255.2 m
Reuters:	NTGG.DE	Enterprise Value:	EUR 316.6 m

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Strong Q4 / 2nd US facility to spur growth / chg. est & PT

Backed by sound demand trends for environmental friendly flame retardants, Nabaltec's in-depth knowledge in the production of those and global customer relationships, **management decided to set up a second facility in the US.** The tax overhaul in the US and the favourable energy costs further supported the decision.

The first phase of the plan is the construction of a facility for **refined hydroxides with a capacity of c. 30k tons p.a.** by mid 2019. This product is used as environmental flame retardant in hard plastics in a wide range of applications incl. electronic switches and switch boxes as well as plastic chairs in e.g. trains, busses etc. Also, Nabaltec will produce a very specific flame retardant for certain rubber applications. The facility should contribute **sales of >USD 20m by 2021** (eH&A USD 12m in 2020) **at an EBIT margin of c. 10%.** Given capex of USD 12m (split into '18 & '19), the investment looks value accretive. Management expects a positive impact on earnings one year after the plant goes online and a **payback of 5-6 years.** To clarify, its other US plant Nashtec, which is currently converted and expanded is solely focused on a flame retardant used in cables. **Both facilities should generate total sales of c. USD 50m by 2021E.**

While this investment should accelerate the mid term growth profile, **the build up of a new facility in the US should bias profitability improvement potential in the short term.** A weaker USD (c USD 40m sales exposure) should be largely compensated for by the recently announced price increases in Special Oxides (old: Technical Ceramics).

Action: 2017 EBIT came in stronger than expected underlining a strong finish in Q4 (Page 2). Sales estimates for '18E & '19E are increased to reflect price increases while **the build up of the new plant explain the reduction in EBIT/EPS (i.e. ramp-up costs & D&A).** FY '20 estimates are introduced reflecting a strong acceleration of sales growth based on: 1) the further ramp-up of Nashtec (eH&A incremental sales of € 7m yoy), 2) accelerating sales of boehmite for Lithium ion batteries (eH&A € 8m yoy) and 3) the ramp-up of the second US facility (eH&A sales of € 10m yoy).

To better reflect the investments into Nashtec and the 2nd US facility, which in the short term inflate debt and bias the bottom-line potential, we **switch valuation to FCFY '20E yielding a new PT of € 39 (old € 36).** This also captures a relevant contribution of boehmite (eH&A sales of € 18m in '20E). Still, electric vehicle sales are only expected to really ramp-up after 2020 as well as the 2nd US facility implying further growth potential. *Continued...*



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks:	30.10 / 14.50
Price/Book Ratio:	2.8
Relative performance (SDAX):	
3 months	6.3 %
6 months	20.2 %
12 months	69.0 %

Changes in estimates

		Sales	EBIT	EPS
2017	old:	167.5	17.8	1.20
	Δ	0.7%	2.8%	6.8%
2018	old:	178.4	21.0	1.46
	Δ	1.6%	-5.3%	-3.3%
2019	old:	189.1	24.9	1.81
	Δ	2.6%	-8.3%	-7.3%

Key share data:

Number of shares: (in m pcs)	8.2
Authorised capital: (in € m)	4.0
Book value per share: (in €)	10.5
Ø trading volume: (12 months)	20,000

Major shareholders:

Free Float	44.0 %
Family Heckmann	28.3 %
Family Witzany	27.2 %

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)	2014	2015	2016	2017E	2018E	2019E	2020E
Sales	143.3	151.3	159.2	168.6	181.2	193.9	219.1
Sales growth	8 %	6 %	5 %	6 %	8 %	7 %	13 %
EBITDA	22.4	24.6	22.9	30.0	32.9	36.8	44.5
EBIT	12.7	14.5	12.2	18.3	19.9	22.8	29.0
Net income	5.5	6.7	5.3	11.3	12.5	14.8	19.2
Net debt	44.2	41.3	36.4	23.3	22.9	14.3	7.0
Net gearing	83.9 %	71.7 %	63.6 %	25.1 %	22.5 %	12.8 %	6.1 %
Net Debt/EBITDA	2.0	1.7	1.6	0.8	0.7	0.4	0.2
EPS pro forma	0.69	0.84	1.07	1.28	1.42	1.68	2.18
CPS	1.25	1.15	1.88	1.57	1.55	1.92	2.16
DPS	0.12	0.15	0.15	0.28	0.35	0.42	0.54
Dividend yield	0.4 %	0.5 %	0.5 %	0.9 %	1.2 %	1.4 %	1.9 %
Gross profit margin	47.4 %	48.2 %	49.3 %	51.4 %	52.0 %	52.2 %	52.5 %
EBITDA margin	15.6 %	16.3 %	14.4 %	17.8 %	18.1 %	19.0 %	20.3 %
EBIT margin	8.8 %	9.6 %	7.7 %	10.8 %	11.0 %	11.8 %	13.2 %
ROCE	8.4 %	8.9 %	7.1 %	9.7 %	10.3 %	10.6 %	14.2 %
EV/sales	2.1	2.0	1.9	1.9	1.7	1.6	1.4
EV/EBITDA	13.5	12.2	13.4	10.6	9.6	8.3	6.7
EV/EBIT	23.8	20.8	25.0	17.3	15.9	13.5	10.4
PER	42.2	34.5	27.1	22.6	20.5	17.3	13.3
Adjusted FCF yield	3.9 %	4.2 %	3.6 %	5.6 %	6.4 %	7.6 %	9.8 %

Source: Company data, Hauck & Aufhäuser Close price as of: 28.02.2018

Q4 results

Facts:

- **Q4 group sales increased by 3.4% yoy to € 38.1m (eH&A € 37.0m).**
- **Q4 EBIT jumped by c. 200% yoy to € 3.6m (eH&A € 3.1m).** EBIT margin reached 9.4% in the seasonally weak Q4.
- **Management expects 2018 sales to increase by a mid single digit rate (eH&A new 7.5% vs old 5.5% yoy),** while the EBIT-margin is conservatively seen at a high single digit rate accounting for a margin of safety for the ramp-up of Nashtec (eH&A new 11.0% vs old 11.7%).

	Q4 2017	Q4 2017 est	Q4 2016	yoy	FY 2017	FY 2016	yoy
Sales	38.1	37.0	36.8	3.4%	168.6	159.2	5.9%
Functional Fillers	25.3	25.7	25.3	0.0%	112.2	109.1	2.8%
Special Oxides	12.8	11.3	11.6	10.8%	56.4	50.1	12.6%
EBIT	3.6	3.1	1.2	199.0%	18.3	12.2	49.3%
EBIT margin	9.4%	8.4%	3.2%	+ 6.1 pp	10.8%	7.7%	+ 3.1 pp

Source: Company data; Hauck & Aufhäuser

Our view:

- **For the seasonally weaker Q4, Nabaltec achieved a strong 9.4% EBIT margin reflecting an improved pricing environment and better scale.** In FY '17 the EBIT margin achieved a record of 10.8% despite operational headwinds related to the shut down of Nashtec (eH&A c. € 1-2m extra logistic costs & loss of c. € 7m in gross profit).
- **Sales growth in Functional Fillers has been driven by price increases** as capacity remains constraint by the temporary shut down of the US plant Nashtec (loss of € 13m in sales contribution in FY '17 vs FY '16 // start of operation in Q2 '18E with a total sales potential of c. USD 25m). **Technical Ceramics (new definition "Special Oxides")** benefits from a cyclical upswing and tight industry capacities.
- **Tighter regulation around the globe (e.g. such as the Construction Product Regulation in the EU) back the sound growth outlook for environmental friendly flame retardants** (explaining 5-6% volume growth p.a.), while tight industry capacities and high entry barriers should support pricing. At the same time, the company should benefit from a **positive price cycle for Special Oxides (1/3rd of sales) driven by healthy demand and tight capacities** intensified by significant capacity shut downs in China. According to management, price increases in the high single digits should be achievable in Special Oxides in 2018.
- Based on the sound growth outlook, price increases and the ramp-up of the high margin coating product for Lithium-ione batteries (eH&A > 25% EBIT margin before cost allocation), **the 2018 guidance looks conservative, in our view, accounting for a margin of safety for the ramp-up of Nashtec.** Note, for 2017 management initially guided for a high single digit EBIT margin and achieved 10.8% despite headwinds from the standstill of Nashtec and extra logistic costs.

Divisional Forecast

EUR m	2012	2013	2014	2015	2016	2017	2018E	2019E	2020E
Divisional sales									
Functional Fillers	89.9	90.6	98.9	102.3	109.1	112.2	117.8	127.6	149.5
Special Oxides	39.3	42.3	44.5	49.1	50.1	56.4	63.4	66.3	69.6
TTL	129.2	132.9	143.4	151.4	159.2	168.6	181.2	193.9	219.1
Divisional sales shares									
Functional Fillers	69.6%	68.2%	69.0%	67.6%	68.5%	66.5%	65.0%	65.8%	68.2%
Special Oxides	30.4%	31.8%	31.0%	32.4%	31.5%	33.5%	35.0%	34.2%	31.8%
TTL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Divisional sales growth									
Functional Fillers	6.0%	0.8%	9.2%	3.4%	6.6%	2.8%	5.0%	8.3%	17.2%
Special Oxides	-11.1%	7.6%	5.2%	10.3%	2.0%	12.6%	12.5%	4.6%	4.9%
TTL	0.2%	2.9%	7.9%	5.6%	5.2%	5.9%	7.5%	7.0%	13.0%

Source: Company data, Hauck&Aufhäuser

Financials

Profit and loss (EUR m)	2014	2015	2016	2017E	2018E	2019E	2020E
Net sales	143.3	151.3	159.2	168.6	181.2	193.9	219.1
<i>Sales growth</i>	7.8 %	5.6 %	5.2 %	5.9 %	7.5 %	7.0 %	13.0 %
Increase/decrease in finished goods and work-in-process	-0.3	1.9	0.4	-1.0	0.0	0.0	0.0
Total sales	143.0	153.2	159.6	167.6	181.2	193.9	219.1
Other operating income	2.6	2.8	2.2	3.7	2.7	2.1	2.2
Material expenses	75.1	80.3	80.9	81.4	87.0	92.7	104.1
Personnel expenses	25.4	26.8	31.7	31.2	32.8	34.7	36.8
Other operating expenses	22.7	24.3	26.2	28.7	31.4	31.8	35.9
Total operating expenses	120.6	128.6	136.7	137.6	148.4	157.1	174.7
EBITDA	22.4	24.6	22.9	30.0	32.9	36.8	44.5
Depreciation	9.7	10.2	10.7	11.7	13.0	14.0	15.5
EBITA	12.7	14.5	12.2	18.3	19.9	22.8	29.0
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
EBIT	12.7	14.5	12.2	18.3	19.9	22.8	29.0
Interest income	0.2	0.3	0.3	0.0	0.0	0.1	0.0
Interest expenses	4.3	3.9	3.3	2.6	2.6	2.4	2.4
Other financial result	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financial result	-4.2	-3.7	-3.1	-2.6	-2.6	-2.3	-2.4
Recurring pretax income from continuing operations	8.5	10.8	9.2	15.7	17.3	20.5	26.6
Extraordinary income/loss	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Earnings before taxes	8.5	10.8	9.2	15.7	17.3	20.5	26.6
Taxes	2.5	3.4	3.9	4.4	4.8	5.7	7.5
Net income from continuing operations	6.1	7.4	5.3	11.3	12.5	14.8	19.2
Result from discontinued operations (net of tax)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	6.1	7.4	5.3	11.3	12.5	14.8	19.2
Minority interest	0.6	0.7	-0.1	0.0	0.0	0.0	0.0
Net income (net of minority interest)	5.5	6.7	5.3	11.3	12.5	14.8	19.2
Average number of shares	8.0	8.0	8.0	8.2	8.8	8.8	8.8
EPS reported	0.69	0.84	0.67	1.38	1.42	1.68	2.18

Profit and loss (common size)	2014	2015	2016	2017E	2018E	2019E	2020E
Net sales	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
Increase/decrease in finished goods and work-in-process	-0.2 %	1.3 %	0.2 %	-0.6 %	0.0 %	0.0 %	0.0 %
Total sales	99.8 %	101.3 %	100.2 %	99.4 %	100.0 %	100.0 %	100.0 %
Other operating income	1.8 %	1.9 %	1.4 %	2.2 %	1.5 %	1.1 %	1.0 %
Material expenses	52.4 %	53.1 %	50.8 %	48.3 %	48.0 %	47.8 %	47.5 %
Personnel expenses	17.7 %	17.7 %	19.9 %	18.5 %	18.1 %	17.9 %	16.8 %
Other operating expenses	15.8 %	16.1 %	16.5 %	17.0 %	17.3 %	16.4 %	16.4 %
Total operating expenses	84.2 %	85.0 %	85.8 %	81.6 %	81.9 %	81.0 %	79.7 %
EBITDA	15.6 %	16.3 %	14.4 %	17.8 %	18.1 %	19.0 %	20.3 %
Depreciation	6.8 %	6.7 %	6.7 %	6.9 %	7.2 %	7.2 %	7.1 %
EBITA	8.8 %	9.6 %	7.7 %	10.8 %	11.0 %	11.8 %	13.2 %
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 %
EBIT	8.8 %	9.6 %	7.7 %	10.8 %	11.0 %	11.8 %	13.2 %
Interest income	0.1 %	0.2 %	0.2 %	0.0 %	0.0 %	0.0 %	0.0 %
Interest expenses	3.0 %	2.6 %	2.1 %	1.5 %	1.4 %	1.2 %	1.1 %
Other financial result	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Financial result	-2.9 %	-2.4 %	-1.9 %	-1.5 %	-1.4 %	-1.2 %	-1.1 %
Recurring pretax income from continuing operations	5.9 %	7.1 %	5.8 %	9.3 %	9.5 %	10.6 %	12.1 %
Extraordinary income/loss	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Earnings before taxes	5.9 %	7.1 %	5.8 %	9.3 %	9.5 %	10.6 %	12.1 %
Tax rate	28.8 %	31.5 %	42.3 %	28.0 %	28.0 %	28.0 %	28.0 %
Net income from continuing operations	4.2 %	4.9 %	3.3 %	6.7 %	6.9 %	7.6 %	8.7 %
Income from discontinued operations (net of tax)	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income	4.2 %	4.9 %	3.3 %	6.7 %	6.9 %	7.6 %	8.7 %
Minority interest	0.4 %	0.5 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Net income (net of minority interest)	3.8 %	4.4 %	3.4 %	6.7 %	6.9 %	7.6 %	8.7 %

Source: Company data, Hauck & Aufhäuser

Balance sheet (EUR m)	2014	2015	2016	2017E	2018E	2019E	2020E
Intangible assets	0.4	0.5	0.5	0.5	0.5	0.5	0.5
Property, plant and equipment	112.0	116.6	125.3	138.6	145.6	145.6	138.1
Financial assets	0.0	0.0	0.1	0.1	0.1	0.1	0.1
FIXED ASSETS	112.4	117.1	125.9	139.2	146.2	146.2	138.7
Inventories	27.5	30.8	30.9	32.7	35.2	37.6	42.5
Accounts receivable	4.6	5.2	3.1	3.3	3.5	3.8	4.3
Other current assets	7.0	6.5	5.5	5.5	5.5	5.5	5.5
Liquid assets	27.2	42.3	36.2	49.3	48.4	57.1	32.0
Deferred taxes	0.1	0.0	1.1	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
CURRENT ASSETS	66.4	84.8	76.8	90.8	92.6	104.0	84.3
TOTAL ASSETS	178.8	201.9	202.7	229.9	238.8	250.2	222.9
SHAREHOLDERS EQUITY	52.6	57.5	57.2	92.8	101.7	111.9	115.7
MINORITY INTEREST	-0.2	0.6	0.6	0.0	0.0	0.0	0.0
Long-term debt	61.4	71.3	71.3	71.3	71.3	71.3	39.0
Provisions for pensions and similar obligations	25.3	28.0	38.1	38.1	38.1	38.1	38.1
Other provisions	2.4	2.6	2.4	2.1	2.1	2.1	1.1
Non-current liabilities	89.0	101.9	111.8	111.5	111.5	111.5	78.2
short-term liabilities to banks	10.0	12.2	1.2	1.2	0.0	0.0	0.0
Accounts payable	9.9	12.3	14.5	15.4	16.5	17.7	20.0
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)	15.9	15.9	16.4	8.0	8.0	8.0	8.0
Deferred taxes	1.5	1.5	1.0	1.0	1.0	1.0	1.0
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	37.4	41.9	33.2	25.6	25.5	26.7	29.0
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	178.8	201.9	202.7	229.9	238.8	250.2	222.9

Balance sheet (common size)	2014	2015	2016	2017E	2018E	2019E	2020E
Intangible assets	0.2 %	0.3 %	0.2 %	0.2 %	0.2 %	0.2 %	0.2 %
Property, plant and equipment	62.6 %	57.7 %	61.8 %	60.3 %	61.0 %	58.2 %	61.9 %
Financial assets	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
FIXED ASSETS	62.8 %	58.0 %	62.1 %	60.5 %	61.2 %	58.4 %	62.2 %
Inventories	15.4 %	15.2 %	15.2 %	14.2 %	14.7 %	15.0 %	19.1 %
Accounts receivable	2.5 %	2.6 %	1.5 %	1.4 %	1.5 %	1.5 %	1.9 %
Other current assets	3.9 %	3.2 %	2.7 %	2.4 %	2.3 %	2.2 %	2.5 %
Liquid assets	15.2 %	20.9 %	17.9 %	21.4 %	20.3 %	22.8 %	14.3 %
Deferred taxes	0.1 %	0.0 %	0.6 %	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 %
CURRENT ASSETS	37.1 %	42.0 %	37.9 %	39.5 %	38.8 %	41.6 %	37.8 %
TOTAL ASSETS	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
SHAREHOLDERS EQUITY	29.4 %	28.5 %	28.2 %	40.4 %	42.6 %	44.7 %	51.9 %
MINORITY INTEREST	-0.1 %	0.3 %	0.3 %	0.0 %	0.0 %	0.0 %	0.0 %
Long-term debt	34.3 %	35.3 %	35.2 %	31.0 %	29.9 %	28.5 %	17.5 %
Provisions for pensions and similar obligations	14.1 %	13.8 %	18.8 %	16.6 %	15.9 %	15.2 %	17.1 %
Other provisions	1.3 %	1.3 %	1.2 %	0.9 %	0.9 %	0.8 %	0.5 %
Non-current liabilities	49.8 %	50.5 %	55.1 %	48.5 %	46.7 %	44.6 %	35.1 %
short-term liabilities to banks	5.6 %	6.1 %	0.6 %	0.5 %	0.0 %	0.0 %	0.0 %
Accounts payable	5.5 %	6.1 %	7.2 %	6.7 %	6.9 %	7.1 %	9.0 %
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)	8.9 %	7.9 %	8.1 %	3.5 %	3.3 %	3.2 %	3.6 %
Deferred taxes	0.8 %	0.7 %	0.5 %	0.4 %	0.4 %	0.4 %	0.5 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Current liabilities	20.9 %	20.8 %	16.4 %	11.1 %	10.7 %	10.7 %	13.0 %
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Source: Company data, Hauck & Aufhäuser

Cash flow statement (EUR m)	2014	2015	2016	2017E	2018E	2019E	2020E
Net profit/loss	6.1	7.4	5.3	11.3	12.5	14.8	19.2
Depreciation of fixed assets (incl. leases)	9.7	10.2	10.7	11.7	13.0	14.0	15.5
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	2.1	2.7	2.8	0.0	0.0	0.0	0.0
Cash flow from operations before changes in w/c	17.9	20.2	18.8	23.0	25.5	28.8	34.7
Increase/decrease in inventory	-1.3	-3.2	-0.1	-1.8	-2.5	-2.5	-4.9
Increase/decrease in accounts receivable	-0.3	-0.6	2.1	-0.2	-0.2	-0.2	-0.5
Increase/decrease in accounts payable	1.2	2.4	2.2	0.9	-1.2	-1.2	-2.3
Increase/decrease in other working capital positions	0.0	-1.5	0.0	0.0	0.0	0.0	0.0
Increase/decrease in working capital	-0.4	-3.0	4.3	-1.1	-3.9	-3.9	-7.7
Cash flow from operating activities	17.5	17.2	23.0	21.8	21.6	24.9	27.0
CAPEX	10.0	13.1	17.0	25.0	20.0	14.0	8.0
Payments for acquisitions	0.0	0.0	0.0	0.6	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
Cash flow from investing activities	-10.0	-13.1	-17.0	-25.6	-20.0	-14.0	-8.0
Cash flow before financing	7.5	4.2	6.0	-3.7	1.6	10.9	19.0
Increase/decrease in debt position	-10.0	12.2	-11.8	0.0	-1.2	0.0	-32.3
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	18.0	0.0	0.0	0.0
Dividends paid	0.5	1.0	1.2	1.2	1.2	2.3	3.1
Others	0.0	-0.6	0.6	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	0.0	0.4	0.2	0.0	0.0	0.0	0.0
Cash flow from financing activities	-10.4	10.6	-12.4	16.8	-2.4	-2.3	-35.5
Increase/decrease in liquid assets	-2.9	15.1	-6.1	13.1	-0.8	8.6	-16.5
Liquid assets at end of period	27.2	42.3	36.2	49.3	48.4	57.1	32.0

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2014	2015	2016	2017E	2018E	2019E	2020E
Domestic	40.7	41.9	42.4	44.5	46.0	47.5	49.0
yoy change	-0.4 %	2.8 %	1.2 %	5.0 %	3.4 %	3.3 %	3.2 %
Rest of Europe	68.5	73.2	78.3	80.0	87.2	90.7	95.2
yoy change	7.8 %	6.8 %	7.0 %	2.2 %	9.0 %	4.0 %	5.0 %
NAFTA	18.0	19.7	20.2	24.5	27.0	32.3	45.3
yoy change	24.8 %	9.4 %	2.6 %	21.1 %	10.0 %	20.0 %	40.0 %
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	16.0	16.5	18.3	19.6	21.1	23.4	29.6
yoy change	14.7 %	2.9 %	10.8 %	7.2 %	7.6 %	10.9 %	26.7 %
TTL	143.3	151.3	159.2	168.6	181.2	193.9	219.1
yoy change	7.8 %	5.6 %	5.2 %	5.9 %	7.5 %	7.0 %	13.0 %

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2014	2015	2016	2017E	2018E	2019E	2020E
P&L growth analysis							
Sales growth	7.8 %	5.6 %	5.2 %	5.9 %	7.5 %	7.0 %	13.0 %
EBITDA growth	13.2 %	10.2 %	-7.0 %	30.8 %	43.4 %	22.9 %	35.4 %
EBIT growth	20.3 %	14.2 %	-15.5 %	49.3 %	62.2 %	25.0 %	46.1 %
EPS growth	107.6 %	22.3 %	-20.4 %	105.7 %	111.6 %	21.9 %	53.9 %
Efficiency							
Total operating costs / sales	84.2 %	85.0 %	85.8 %	81.6 %	81.9 %	81.0 %	79.7 %
Sales per employee	341.3	348.6	353.8	366.5	385.6	395.8	429.7
EBITDA per employee	53.3	56.8	50.9	65.1	69.9	75.2	87.2
Balance sheet analysis							
Avg. working capital / sales	15.3 %	15.2 %	13.6 %	11.9 %	11.5 %	11.4 %	11.2 %
Inventory turnover (sales/inventory)	5.2	4.9	5.2	5.2	5.2	5.2	5.2
Trade debtors in days of sales	11.6	12.5	7.1	7.1	7.1	7.1	7.1
A/P turnover [(A/P*365)/sales]	25.3	29.6	33.3	33.3	33.3	33.3	33.3
Cash conversion cycle (days)	97.2	96.7	80.8	84.7	85.2	85.5	86.0
Cash flow analysis							
Free cash flow	7.5	4.2	6.0	-3.2	1.6	10.9	19.0
Free cash flow/sales	5.2 %	2.7 %	3.8 %	-1.9 %	0.9 %	5.6 %	8.7 %
FCF / net profit	136.5 %	62.3 %	112.5 %	-28.1 %	12.9 %	73.8 %	99.1 %
Capex / depre	103.1 %	128.4 %	159.2 %	213.7 %	153.8 %	100.0 %	51.6 %
Capex / maintenance capex	133.3 %	163.3 %	212.6 %	275.0 %	250.0 %	175.0 %	100.0 %
Capex / sales	7.0 %	8.6 %	10.7 %	14.8 %	11.0 %	7.2 %	3.7 %
Security							
Net debt	44.2	41.3	36.4	23.3	22.9	14.3	7.0
Net Debt/EBITDA	2.0	1.7	1.6	0.8	0.7	0.4	0.2
Net debt / equity	0.8	0.7	0.6	0.3	0.2	0.1	0.1
Interest cover	2.9	3.7	3.7	7.0	7.6	9.5	12.1
Dividend payout ratio	17.5 %	18.0 %	22.4 %	20.0 %	25.0 %	25.0 %	25.0 %
Asset utilisation							
Capital employed turnover	0.9	0.9	0.9	0.8	0.8	0.9	1.1
Operating assets turnover	1.1	1.1	1.1	1.1	1.1	1.1	1.3
Plant turnover	1.3	1.3	1.3	1.2	1.2	1.3	1.6
Inventory turnover (sales/inventory)	5.2	4.9	5.2	5.2	5.2	5.2	5.2
Returns							
ROCE	8.4 %	8.9 %	7.1 %	9.7 %	10.3 %	10.6 %	14.2 %
ROE	10.4 %	11.6 %	9.4 %	12.2 %	12.2 %	13.2 %	16.6 %
Other							
Interest paid / avg. debt	5.7 %	5.1 %	4.3 %	3.6 %	3.6 %	3.3 %	4.3 %
No. employees (average)	420	434	450	460	470	490	510
Number of shares	8.0	8.0	8.0	8.2	8.8	8.8	8.8
DPS	0.1	0.2	0.2	0.3	0.4	0.4	0.5
EPS reported	0.69	0.84	0.67	1.38	1.42	1.68	2.18
Valuation ratios							
P/BV	4.4	4.0	4.1	2.8	2.5	2.3	2.2
EV/sales	2.1	2.0	1.9	1.9	1.7	1.6	1.4
EV/EBITDA	13.5	12.2	13.4	10.6	9.6	8.3	6.7
EV/EBITA	23.8	20.8	25.0	17.3	15.9	13.5	10.4
EV/EBIT	23.8	20.8	25.0	17.3	15.9	13.5	10.4
EV/FCF	40.2	72.6	50.9	-100.0	197.2	28.2	15.8
Adjusted FCF yield	3.9 %	4.2 %	3.6 %	5.6 %	6.4 %	7.6 %	9.8 %
Dividend yield	0.4 %	0.5 %	0.5 %	0.9 %	1.2 %	1.4 %	1.9 %

Source: Company data, Hauck & Aufhäuser

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Company	Disclosure
Nabaltec AG	2, 3

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

**Price and Rating History
Nabaltec AG as of 01/03/18**

Initiation coverage
14-April-11



Company	Date	Analyst	Rating	Target price	Close
Nabaltec	16.01.2018	Berresch, CFA, Sascha	Buy	EUR 36.00	EUR 29.30
	01.12.2017	Berresch, CFA, Sascha	Buy	EUR 36.00	EUR 26.60
	11.10.2017	Berresch, CFA, Sascha	Buy	EUR 35.00	EUR 27.43
	30.08.2017	Berresch, CFA, Sascha	Buy	EUR 30.00	EUR 22.36
	04.07.2017	Berresch, CFA, Sascha	Buy	EUR 30.00	EUR 21.40
	31.05.2017	Berresch, CFA, Sascha	Buy	EUR 23.50	EUR 18.30

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

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