



Buy (old: Buy)

Price target: EUR 39.00 (old: EUR 39.00)

Price: EUR 25.30 **Next result:** FY 2017 30.04.17
Bloomberg: NTG@GR **Market cap:** EUR 222.6 m
Reuters: NTGG.DE **Enterprise Value:** EUR 284.0 m

03-April-18

Christian Sandherr
Analyst

Christian.Sandherr@ha-ib.de
Tel.: +49 (40) 4143885 79

Roadshow mit CEO bestätigt unseren Investment Case

Wir waren mit dem CEO von Nabaltec auf einer Roadshow in London und Paris, die uns bestätigte, dass die **wesentlichen mittelfristigen Wachstumstreiber stark bleiben** UND die **Aussichten für Nischenanwendungen sehr vielversprechend** aussehen:

- Weltweit zunehmend strengeres regulatorisches Umfeld (z.B. CPR in der EU) verbunden mit knappen Industriekapazitäten.
- Hochfahren der Produktion bei Nashtec & Bau eines 2. US-Werks in Chattanooga, TN
- Margenstarker Umsatzbeitrag durch Böhmit in Lithium Ionen Batterien in Elektrofahrzeugen sowie ein Flammhemmer speziell für Gummianwendungen

Unterstrichen werden die Wachstumsperspektiven von Nabaltec durch den aktuellen Investitionsplan mit US-Fokus: (1) Mit Umbau und Erweiterung bei Nashtec sollen planmäßig bis Ende '18 6.000-7.000t feinstgefälltes ATH (H&Ae Umsatz € 6 Mio.) und nach vollem Ramp-up in '20 30.000t produziert werden (H&Ae Umsatz € 27 Mio.). (2) 2. US-Werk an einem strategisch gut positionierten ehemaligen DuPont-Standort in Chattanooga, TN, sollte **bis Ende '21 30.000t grobes ATH produzieren (H&Ae Umsatz € 18 Mio.)**. Dieses Werk wird zudem 5.000t Spezial-ATH für Gummianwendungen produzieren. Bisher wird dieser Markt vom Unternehmen J.M. Huber dominiert, welches mit dem Produkt bei einem Preis von 1.500\$/t eine EBIT-Marge von 50% erzielen sollte. Bei einer **90%-Auslastung der US-Kapazitäten** u.E. bis Ende '21 sollte ein zusätzlicher **Umsatz von € 50 Mio. bei einer EBIT-Marge von 12%-15% erreicht werden**.

Neben dem Kerngeschäft von Nabaltec, stellt u.E. auch Böhmit, das als Beschichtungslösung für Trennfolien in Lithium-Ionen-Batterien für Elektrofahrzeuge verwendet wird, ein **signifikantes Ergebnispotenzial** dar. 2017 konnte Nabaltec ein starkes Volumenwachstum bei € 3.400/t und eine EBIT-Marge von 30% aufweisen. Mit der aktuellen Kapazität von 5.000t sollte eine Elektrofahrzeugproduktion von bis zu **7,5 Mio. Einheiten pro Jahr** bewältigt werden können, was einen **Umsatz von € 17 Mio. und ein EBIT von ca. € 5 Mio. impliziert** (nach Kostenverteilung und einem 50%-Marktanteil).

Unseres Erachtens spiegelt sich dies **nicht vollständig im vorsichtigen Ausblick von Nabaltec für '22E wider**, der einen Umsatz von € 230 Mio. und eine EBIT-Marge von mindestens 10% vorsieht. Dieser Wert stützt sich auf eine Auslastungsquote von lediglich 80% beim Kerngeschäft von Nabaltec ohne Berücksichtigung von Preiserhöhungen. Wir halten angesichts einer oligopolistischen Marktstruktur und einer stetig wachsenden Nachfrage nach umweltfreundlichen Flammhemmern eine **Auslastungsquote von 90%** für realistischer, sodass **Nabaltec einen Umsatz von € 260 Mio. erzielen dürfte**. Eine vorteilhafte Produktverlagerung verbunden mit Skaleneffekten sollte auch eine **EBIT-Marge von über 13%** ermöglichen.

Vor diesem Hintergrund **bekräftigen wir unsere Kaufempfehlung mit einem unveränderten Kursziel von € 39** auf Basis des FCFY '20E. *Anmerkung: Analystenwechsel - Fortsetzung -*

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	27.9	19.3	12.0
Net gearing	83.9 %	71.7 %	63.6 %	25.1 %	27.4 %	17.2 %	10.4 %
Net Debt/EBITDA	2.0	1.7	1.6	0.8	0.8	0.5	0.3
EPS pro forma	0.69	0.84	1.07	1.28	1.41	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	0.5 %	0.6 %	0.6 %	1.1 %	1.4 %	1.7 %	2.2 %
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	1.9	1.8	1.7	1.7	1.6	1.4	1.2
EV/EBITDA	12.2	11.0	12.1	9.5	8.8	7.6	6.1
EV/EBIT	21.5	18.8	22.6	15.5	14.5	12.3	9.4
PER	36.8	30.1	23.7	19.7	17.9	15.1	11.6
Adjusted FCF yield	4.4 %	4.6 %	4.0 %	6.2 %	7.0 %	8.3 %	10.8 %

Source: Company data, Hauck & Aufhäuser Close price as of: 03.04.2018



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks: 30.10 / 14.50

Price/Book Ratio: 2.4

Relative performance (SDAX):

3 months -2.4 %

6 months -9.2 %

12 months 46.3 %

Changes in estimates

		Sales	EBIT	EPS
2017	old:	168.6	18.3	1.28
	Δ	-	-	-
2018	old:	181.2	19.9	1.41
	Δ	-	-	-
2019	old:	193.9	22.8	1.68
	Δ	-	-	-

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.

Andere Finanzmarktteilnehmer **dürften u.E. hinsichtlich der zusätzlichen Kapazitätspläne von Huber/Martinswerke völlig falsch liegen**. Hauptfehler ist dabei, dass die angekündigten Expansionen auf Basis des gesamten ATH-Marktvolumens berechnet wurden, während J.M. Huber ausdrücklich meldete, dass die **Expansionspläne nur ihr feinstgefälltes ATH umfassen**, was auf weitere Kapazitäten von ca. 25.000t in ihrem Hauptwerk in Deutschland bis 2019/20 und ca. 10.000t in den USA hindeutet, die im Verlauf des Jahres 2018 verfügbar werden sollten. **Wir erwarten daher kein Überangebot auf dem Markt für feinstgefälltes ATH**. Nachfolgend präsentieren wir ein realistisches Szenario des Nachfragewachstums und der Kapazitätsausweitung, das auf anhaltend knappe Kapazitäten schließen lässt.

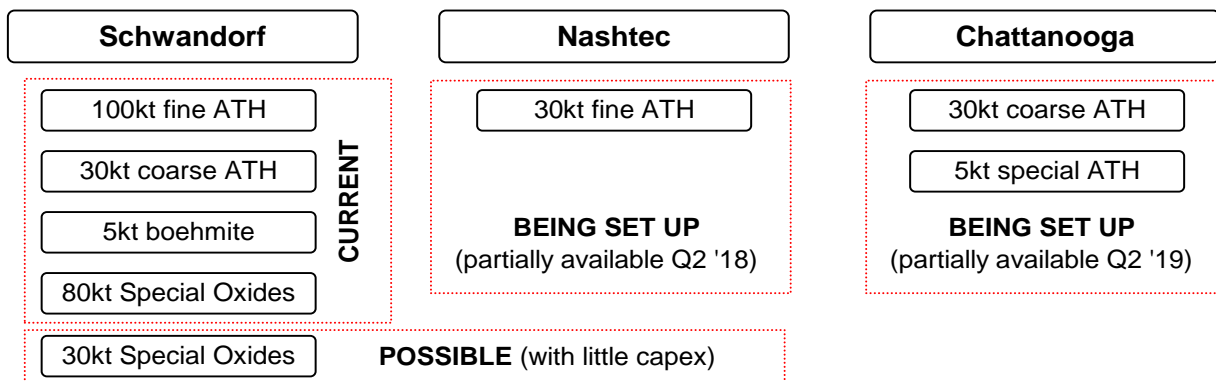
(tables in english only)

Market growth vs additional capacities

	2017	Growth p.a.	2018E	2019E	2020E	2021E	2022E
Fine (400kt)		4%	16	17	17	18	19
		5%	20	21	22	23	24
		6%	24	25	27	29	30
Additional available capacities		Nabaltec (US)	7	17	0	0	0
		Huber (GER)	0	16	9	0	0
		Huber (US)	10	0	0	0	0
Coarse (500kt)		4%	20	21	22	22	23
		5%	25	26	28	29	30
		6%	30	32	34	36	38
Additional available capacities*		Nabaltec (US)	0	7	14	9	0
		Huber (GER)	0	0	0	0	0
		Huber (US)	0	0	0	0	0

Source: Hauck & Aufhäuser estimates; *Other competitors besides Huber are likely to invest in additional capacities

Overview capacities of Nabaltec (current/being set up/possible)



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	1.41	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	150.6	150.6	143.1
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	151.2	151.2	143.7
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	43.4	52.1	27.0
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	87.6	99.0	79.2
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 %	63.1 %	60.2 %	64.2 %
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 %	63.3 %	60.4 %	64.5 %
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 %	18.2 %	20.8 %	12.1 %
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 %	36.7 %	39.6 %	35.5 %
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	25.0	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	-25.0	-14.0	-8.0
Cash flow before financing	7.5	4.2	6.0	-3.7	-3.4	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	-5.8	8.6	-16.5
Liquid assets at end of period	27.2	42.3	36.2	49.3	43.4	52.1	27.0

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	-3.4	10.9	19.0
Free cash flow/sales	5.2 %	2.7 %	3.8 %	-1.9 %	-1.9 %	5.6 %	8.7 %
FCF / net profit	136.5 %	62.3 %	112.5 %	-28.1 %	-27.3 %	73.8 %	99.1 %
Capex / depre	103.1 %	128.4 %	159.2 %	213.7 %	192.3 %	100.0 %	51.6 %
Capex / maintenance capex	133.3 %	163.3 %	212.6 %	275.0 %	312.5 %	175.0 %	100.0 %
Capex / sales	7.0 %	8.6 %	10.7 %	14.8 %	13.8 %	7.2 %	3.7 %
Security							
Net debt	44.2	41.3	36.4	23.3	27.9	19.3	12.0
Net Debt/EBITDA	2.0	1.7	1.6	0.8	0.8	0.5	0.3
Net debt / equity	0.8	0.7	0.6	0.3	0.3	0.2	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	1.0	1.1	1.3
Plant turnover	1.3	1.3	1.3	1.2	1.2	1.3	1.5
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	1.41	1.68	2.18
Valuation ratios							
P/BV	3.8	3.5	3.5	2.4	2.2	2.0	1.9
EV/sales	1.9	1.8	1.7	1.7	1.6	1.4	1.2
EV/EBITDA	12.2	11.0	12.1	9.5	8.8	7.6	6.1
EV/EBITA	21.5	18.8	22.6	15.5	14.5	12.3	9.4
EV/EBIT	21.5	18.8	22.6	15.5	14.5	12.3	9.4
EV/FCF	36.3	65.4	46.0	-89.7	-84.9	25.7	14.4
Adjusted FCF yield	4.4 %	4.6 %	4.0 %	6.2 %	7.0 %	8.3 %	10.8 %
Dividend yield	0.5 %	0.6 %	0.6 %	1.1 %	1.4 %	1.7 %	2.2 %

Source: Company data, Hauck & Aufhäuser

Disclosures regarding research publications of Hauck & Aufhäuser Privatbankiers AG pursuant to section 34b of the German Securities Trading Act (WpHG) 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 of indicates relevant conflicts of interest. Pursuant to section 34b of the German Securities Trading Act (WpHG) 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 AG

- (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 a) 5% or more of the share capital of the analysed company, or b) the analysed company holds 5% or more of the share capital of Hauck & Aufhäuser Privatbankiers AG or its affiliate(s),
- (5) or its affiliate(s) holds a net long (a) or a net short (b) position of 0.5% of the outstanding share capital of the analysed company or derivatives thereof,
- (6) or its affiliate(s) is a market maker or liquidity provider in the financial instruments of the issuer,
- (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, 3

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

**Price and Rating History
Nabaltec AG as of 04/04/18**

Initiation coverage
14-April-11



Company	Date	Analyst	Rating	Target price	Close
Nabaltec	03.04.2018	Sandherr, Christian	Buy	EUR 39.00	EUR 25.30
	01.03.2018	Berresch, CFA, Sascha	Buy	EUR 39.00	EUR 28.30
	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

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

Buy	60.78 %	100.00 %
Sell	14.38 %	0.00 %
Hold	24.84 %	0.00 %

Date of publication creation: #ATTRIBUTE_DOC_RELEASED_DATE#

Date of publication dissemination: #ATTRIBUTE_DOC_DISTRIBUTION_DATE#

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 AG, 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 AG. Reproduction of this document, in whole or in part, is not permitted without prior permission Hauck & Aufhäuser Privatbankiers AG. All rights reserved.

Under no circumstances shall Hauck & Aufhäuser Privatbankiers AG, 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 AG 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 AG 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. In case a research analyst or a closely related person is confronted with a conflict of interest, the research analyst is restricted from covering this company.

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 AG 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 AG 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 AG. The opinions and estimates in this research report are subject to change without notice. It is within the discretion of Hauck & Aufhäuser Privatbankiers AG whether and when it publishes an update to this research report, but in general updates are created on a regular basis, after 6 months at the latest. A sensitivity analysis is included and published in company's initial studies.

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 AG has checked the information for plausibility but not for accuracy or completeness.

6. Competent Supervisory Authority

Hauck & Aufhäuser Privatbankiers AG 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.

8. Miscellaneous

According to Article 4(1) No. i of the delegated regulation 2016/958 supplementing regulation 596/2014 of the European Parliament, further information regarding investment recommendations of the last 12 months are published under:

https://www.hauck-aufhaeuser.de/page/UVV_InstitutResearch

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

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

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

Gunnar Cohrs
Co-Head of Equities
Tel.: +49 40 414 3885 86
E-Mail: gunnar.cohrs@ha-ib.de

Tim Wunderlich, CFA
Head of Research
Tel.: +49 40 414 3885 81
E-Mail: tim.wunderlich@ha-ib.de

Henning Breiter
Head of Research
Tel.: +49 40 414 3885 73
E-Mail: henning.breiter@ha-ib.de

Robin Brass, CFA
Analyst
Tel.: +49 40 414 3885 76
E-Mail: robin.brass@ha-ib.de

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

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

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

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

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

Christian Sandherr
Analyst
Tel.: +49 40 414 3885 79
E-Mail: christian.sandherr@ha-ib.de

Carlos Becke
Analyst
Tel.: +49 40 414 3885 74
E-Mail: carlos.becke@ha-ib.de

Hauck & Aufhäuser Sales

Carsten Kinder
Head of Equities
Tel.: +41 43 497 30 24
E-Mail: carsten.kinder@ha-ib.de

Toby Woods
Head of Sales
Tel.: +44 207 408 1100
E-Mail: toby.woods@ha-ib.de

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

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

Georgina Harrold
Sales
Tel.: +49 69 2161 1299
E-Mail: georgina.harrold@ha-ib.de

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

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

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

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

Christian Schwenkenbecher
Sales
Tel.: +44 207 408 1100
E-Mail: christian.schwenkenbecher@ha-ib.de

Hauck & Aufhäuser Sales Trading

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

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

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

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

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

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

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