

Report

Equities | Germany | Chemicals
Sept 9th, 2011

Nabaltec AG



Rating: Buy

Risk: High

Price: EUR 8.21

Fair Value: EUR 15.0

Sector: Chemicals

Reuters Code: NTGG.F

Bloomberg Code: NTG GR

Home Page: www.nabaltec.de

Fiscal ,Year End: December

Trading Data:

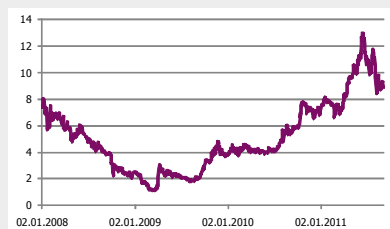
High –Low 52w (EUR): 13.39 – 5.30

Market Cap (in EUR m): 71.2

Shares Outst. (in m): 8.0

Free Float: 39.4%

Price Chart:



Financial Calendar:

Nov 29, 2011: Annual Meeting

Date and time of Prices:

Sept , 09 2011, 09:30 CEP

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Attention is drawn to the disclaimer and other information on page 18

Growth should persist

Financial markets are weak, prices are falling. Nabaltecs stock came under pressure as well.

But the company is in a better shape than ever. Sales in the second quarter 2011 grew by 19.6% to EUR 34.78m compared to the comparable quarter last year.

Current earnings development is even more convincing. Q2 2011 net profit margin came in at a very good 6.1%, equal to a net profit of EUR 2.13m.

At the moment we do not see any reason to revise our positive future scenario and still calculate with over proportionally strong growth rates and positive growing net profits in 2011 and 2012.

Our fair value per share is EUR 15.0, which is equal to a total company value of EUR 120.2m.

We recommend purchasing the stock.

Main Points

- > The demand for "Functional Fillers" and "Technical Ceramics" is increasing again. High growth rates are currently mainly generated from abroad. Order books are and should stay full.
- > Nabaltec AG has invested strongly in new products. New additives and Böhmitte should be a strong sales and earnings driver in the future.
- > The company will still have relatively high investment costs in the coming years. We calculate with an amount of EUR 15.0m in 2011.

Financials

For 2011 we expect a sales growth of 23% to EUR 138.6m. Net profit should be EUR 6.36m, equal to a net profit margin of 4.6%. For 2012 we calculate with an additional sales growth of 15% to EUR 159.4m and a net margin expansion to 5.8%.

Valuation

To calculate the company value we have used a DCF model. We have used a WACC of 9.0%.

(in EUR tsd.)	2007	2008	2009	2010	2011E	2012E
Sales	88,109	96,277	73,060	112,701	138,656	159,455
EBITDA Margins	9.5%	9.7%	5.1%	12.7%	15.2%	15.9%
EBIT Margin	4.5%	4.3%	-3.7%	5.8%	10.0%	11.0%
Net Profit	659	(182)	(5,365)	2,091	6,360	9,273
EPS	0.30	0.14	(0.63)	0.22	0.67	1.03
P/Sales			0.89	0.57	0.47	0.41
P/E			n.m.	n.m.	10.2	7.0
P/B			1.44	1.62	1.54	1.34

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Executive Summary

- Second quarter 2011 results have been terrific and once again demonstrated the operative strength of the company. Sales grew by very good 19.6% to EUR 34.78m. The EBIT margin was at pleasant 12.9%. We stay positive for the full year and calculate with sales of EUR 138.6m for 2011, what is equal to a growth rate of 23% compared to last year. Net margin should expand to 4.6%. This is equal to a net profit of EUR 6.36m. The debt level will stay high due to high investment needs.
- Currently, there exists a global fear of an upcoming worldwide recession. Nabaltecs sales could theoretically be negatively affected by that trend. But order books are full, the sector is still characterized by increasing prices and new Nabaltec products should lead to additional sales. Additionally, we expect that the company should gain in market share. Thus, we are not feared, that the company will not be operationally successful in 2011 and 2012.
- Nabaltec AG focuses on the development, the production as well as the distribution of products based on Aluminum Hydroxide and Aluminum Oxide. Currently the company has almost 400 employees und is focusing on two segments "Functional Fillers" for the plastic and cable industry and "Technical Ceramics" for the ceramics, fire resistant as well as polishing industry
- The company is constantly gaining market share mainly due to the better product quality. Nabaltec AG is currently market leader in the segments of "Functional Fillers" (flame protection) and "Technical Ceramics" (ceramic masses).
- The new additive ACTILOX CAHC (mainly used for PVC companies) and Böhmite for the electronic industry should act as additional growth drivers.
- Our fair company value is EUR 120.2m, which is equal to a value of EUR 15.0 per share. The current share price of EUR 8.21 is far below our price target and we expect rising pricing in the mid-term. We have used a DCV model to reach our fair value.

SWOT Analysis

Strength	Weaknesses
<ul style="list-style-type: none"> • Oligopolistic competitive environment combined with high barriers of entry make new competition unlikely. • State of the art product features and long-term experience lead to high customer trust and to market share gains. • New products should generate high sales growth rates in the future and should simultaneously increase operative margins. 	<ul style="list-style-type: none"> • The high debt level leads to high interest payments having a negative effect on earnings. • Strong dependence on raw material as well as high energy demand make the results dependent on price changes in these fields. • The business model is characterized by low profit margins.

Opportunities	Risks
<ul style="list-style-type: none"> • The legal framework (fire resistance as well as the protection of the environment) ask for an increased usage of flame retardant products which should support growth. • Ongoing investments in Research & Development help to detect new innovative products and applications. • Over proportional strong growth in until now less developed areas like Asia. 	<ul style="list-style-type: none"> • The new additive just has a limited market testing and may not reach its sales targets. • The company is dependent on the economic cycle making results volatile.

Short and midterm Catalysts

- On November 29th 2011 the company will present its Q3 2011 results and might give an outlook on the future development of the company.
- Company management will attend investors meetings as well as road shows. This might have a positive effect on the stock price development.

Valuation

We have used a Discounted Cash Flow (DCF) model to reach a fair value of Nabaltec AG. We are aware of the fact that this method involves some risks. Thus, we additionally conducted a sensitivity analysis in order to run through several scenarios ("best case"/"worst case"), to reach a plausible and realistic target value of the company.

We find a peer group analysis unsuitable. There is no reasonable group of similar companies. Either the competitors of Nabaltec AG are in private hands and it is not possible to get consensus estimates, or they belong to large multinational firms and only achieve a small portion of total sales with products similar to Nabaltec.

The DCF method resulted in a fair company value of EUR 120.2m, equal to a target price of EUR 15.0.

We recommend purchasing the shares.

DCF Valuation

We have used the Free Cash Flow to Equity (FCFE), in order to reach the equity value of Nabaltec AG. We have calculated with a long term growth rate of 2.5% p.a.. Our WACC is 9.0%.

DCF Model

(in EUR tsd)	2010	2011E	2012E	2013E	2014E	2015E	2016E	2017E
Net Income	2,091.00	6,360.41	9,273.25	8,349.04	9,016.97	8,513.08	8,271.87	7,429.65
(+) Depreciation and Amortisation	7,776.00	7,268.87	7,784.28	8,770.00	9,471.60	10,134.62	10,742.69	11,172.40
(-) Cash flow from working capital	-	1,662.55	1,125.62	877.00	947.16	1,013.46	1,074.27	1,117.24
(-) Capital Expenditure	(7,493.00)	(15,000.00)	(13,000.00)	(8,770.00)	(9,471.60)	(10,134.62)	(10,742.69)	(11,172.40)
(-) Net Debt repayments	-	-	(1,980.45)	(1,000.00)	(1,000.00)	(1,000.00)	(1,000.00)	(1,000.00)
FCFE	2,374.00	291.83	3,202.69	8,226.04	8,964.13	8,526.54	8,346.14	7,546.89
FCFE adjusted for valuation date	2,374.00	291.83	3,202.69	8,226.04	8,964.13	8,526.54	8,346.14	7,546.89
PV of cash flows	2,374.00	284.19	2,861.32	6,742.41	6,740.71	5,882.26	5,282.39	4,382.14
Sum of PV - First Phase	9,887.92							
Sum of PV - Second Phase	22,287.49							
Terminal Value growth Rate	2.5%							
Terminal Value	119,008.60							
PV of Terminal Value	69,102.94							
PV of FCFE	101,278.35							
(+) Cash	18,957.00							
Target Value	120,235.35							

Summary of DCF Valuation	Value	% of Total
PV of First Stage	9,887.95	8.2%
PV Second Stage	22,287.57	18.5%
PV of Terminal Value	69,103.18	57.5%
Cash	18,957.00	15.8%
Target Price	120,235.70	100.0%

Cost of Equity	
Cost of Equity	9.00%
Beta	1.00
Risk Premium	6.5%
Risk Free rate	2.5%

Source: VEM Aktienbank

Sensitivity Analysis

The results of the sensitivity analysis show that Nabaltec equity is cheaply valued, even under aggressive assumptions.

Company Value in EUR tsd.							Value per share in EUR						
growth rate	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%	growth rate	1.0%	1.5%	2.0%	2.5%	3.0%	3.5%
WACC							WACC						
7.5%	127198.2	133789.4	141579.0	150926.5	162351.2	176632.0	7.5%	15.90	16.72	17.70	18.87	20.29	22.08
8.0%	119300.2	124812.3	131243.1	138843.2	147963.3	159110.0	8.0%	14.91	15.60	16.41	17.36	18.50	19.89
8.5%	112452.1	117113.6	122492.2	128767.3	136183.3	145082.5	8.5%	14.06	14.64	15.31	16.10	17.02	18.14
9.0%	106457.3	110437.7	114986.8	120235.8	126359.6	133596.8	9.0%	13.31	13.80	14.37	15.03	15.79	16.70
9.5%	101165.3	104593.1	108478.1	112918.0	118041.0	124017.8	9.5%	12.65	13.07	13.56	14.11	14.76	15.50
10.0%	96459.1	99433.3	102779.3	106571.4	110905.2	115905.8	10.0%	12.06	12.43	12.85	13.32	13.86	14.49
10.5%	92246.3	94844.1	97747.6	101014.0	104715.9	108946.7	10.5%	11.53	11.86	12.22	12.63	13.09	13.62
11.0%	88453.1	90735.8	93272.1	96106.8	99295.9	102910.2	11.0%	11.06	11.34	11.66	12.01	12.41	12.86
11.5%	85019.6	87036.2	89265.1	91741.6	94509.5	97623.4	11.5%	10.63	10.88	11.16	11.47	11.81	12.20
12.0%	81896.8	83687.1	85656.4	87832.9	90251.3	92954.3	12.0%	10.24	10.46	10.71	10.98	11.28	11.62
12.5%	79044.4	80640.7	82389.2	84312.4	86438.2	88800.1	12.5%	9.88	10.08	10.30	10.54	10.80	11.10
13.0%	76428.5	77857.8	79417.0	81124.8	83003.3	85079.6	13.0%	9.55	9.73	9.93	10.14	10.38	10.63

Source: VEM Aktienbank

Profile

The company - founded in 1994 - focuses on the development, production as well as distribution of specialty products based on aluminum hydroxide and aluminum oxide and other raw materials. Nabaltec AG is selling white powder, used in the plastic, cable, ceramics, fire retardant as well as the polishing industry.

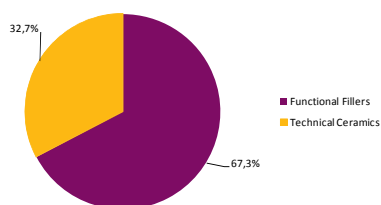
The German production sites are in Schwandorf - its headquarter - and Kelheim. In 2006 Nashtec L.P. based in Corpus Christi, Texas/USA was added. Nashtec L.P. is a US Joint Venture together with Sherwin Alumina and is now running very successfully. Nabaltec AG owns 51% of the company.

Due to the ongoing operative success the company has increased the number of employees in 2011. Currently the company has almost 400 workers globally.

The Business Model

The company focuses on two segments "Functional Fillers" and "Technical Ceramics". In 2010 Nabaltec AG reached total sales of EUR 112.7m; this is 54.2% higher than sales in the crisis year 2009. Operative earnings were EUR 6.5m, which is equal to an EBIT margin of 5.8%. Total sales are generally allocated relatively stable to the segments over the years. In fiscal year 2010 roughly two thirds were generated by the segment "Functional Fillers"

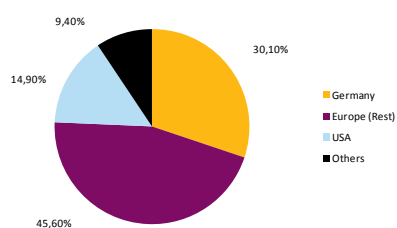
Sales Allocation by Segment (Fiscal Year 2010)



Source: Nabaltec AG

Nabaltec's main market is Europe with a percentage of 75.7% of total sales. Germany plays the biggest role in Europe (please see graphic). The USA is the second largest region. This region has grown very strongly in the last two years.

Regional distribution of total sales (Fiscal year 2010)



Source: Nabaltec AG

Functional Fillers

From aluminum hydroxide and magnesium hydroxide Nabaltec produces halogen free as well as fire resistant fillers (products without fluoride, chloride, bromine). These products have the characteristics that they are smoke limiting (increase of escape time) as well as not toxic (reduction of carbon monoxide by a third). Additionally, they are harmless to the environment.

The products are used in the plastic industry for cables, isolations as well as insulations. Clients come from the construction industry, electronics as well as transport (cars, planes, trains) industry.

The fillers are partly patented and are sold under the names APYRAL® und APYMAG®.

Main markets are Europe followed by the USA.

In 2010 "Functional Fillers" achieved sales of EUR 75.9m; pleasing 51.2% more than in the crisis year 2009. Operating margins were 4.5%, after 2009 was still characterized by negative margins.

Technical Ceramics

Technical ceramics are characterized by a high abrasion resistance (after diamond aluminum, oxide is the hardest mineral), a very high form as well as temperature consistency. It is not conductive, corrosion resistant as well as resistant against chemical and biological impacts.

Specialty aluminum oxides are distributed under diverse brand names like NABALOX, SYMOLOX® and GRANALOX®. From these products ceramic raw materials as well as masses are produced, which can resist strongest pressures and fulfill the highest standards. Main market is as well Europe, particularly Germany.

The products are used in blast furnaces for the steel industry. Generally they find their usage in the fireproof and polishing industry as well as in the production of consumer ceramics as well as electronics ceramics.

With the segment "Technical Ceramics" Nabaltec AG achieved sales of EUR 36.8m; a plus of 60.7%. In this period the operating margin was very good 8.4%.

Management and Employees

Nabaltecs management is characterized by high constancy as well as experience. The managers are Gerhard Witzany and Johannes Heckmann. Both own substantial Nabaltec shares. (See capital "Equity Structure"). This should guarantee a strong engagement in the company.

Investments

The business model is capital intensive. New machines - necessary to expand - are very expensive. For years Nabaltec AG has invested strongly in machines and production sites. Now the capacity is sufficient to reach the high growth expected in the coming years. Nevertheless we calculate with future investments in the lower two digit million area.

Capital Expenditure in EUR m

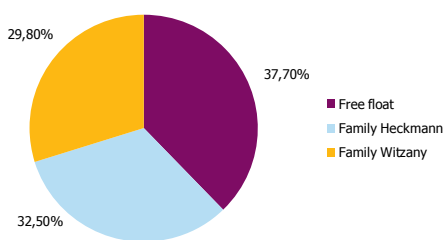


Source: Nabaltec AG, VEM Aktienbank

The Equity Structure

The equity structure has not changed over the last months. We do not believe that management is planning to sell their position in the short to mid run. The families Heckmann (32.50% of total shares) and Witzany (29.80% of total shares) hold the largest portion of the stocks. A bid more than 37% is free float.

Current Equity Structure



Source: Nabaltec AG

The Growth Drivers

Currently, Nabaltec AG seems to be perfectly positioned. Order books are full, the product demand is high. In fact, there are generally strong future concerns about the stability of the global economy. We see no reason, not to believe in the value and growth drivers of the Nabaltec AG.

Ongoing high demand for already established products and market share gains

The general high growth potential of existing products stays in tact. Several independent companies like Frost & Sullivan or the Freedonia Group Inc. affirm that through their latest research results.

Consequently we believe, that the market for “Functional Fillers” will grow in the mid to high single digit range in the coming years. Main reasons are ongoing worldwide regulations for personal safety in transport as well as the construction industry, where specific safety aspects (no fire development) are put in place.

For the segment “Technical Ceramics” we expect as well good growth rates. We calculate with 5% annually. Here, the worldwide economic environment will be the major driver.

Additionally, we expect for both segments “Functional Fillers” as “Technical Ceramics” that the company should expand its already dominating market position; this mainly due to a higher product quality compared to the competition.

Nabaltec AG’s competitive environment has not changed in the last years. There is no new competition emerging, as the barriers of entry are far too high and investments are enormous.

Consequently, the company acts in an oligopolistic competitive environment. Main competition comes from small subsidiaries of large multinational chemical companies or small to midsize private firms.

For years Nabaltec AG belongs to the top tier players. In the segment of “Functional Fillers” as well as “Technical Ceramics” (ceramic masses) the company is now market leader.

Only in “Technical Ceramics” (chemical raw materials) the company does not belong to the top 3 and is number 4.

Competitive Ranking (2009)

Rank	Functional Fillers	Technical Ceramics Raw Materials	Technical Ceramics Materials
1	Nabaltec AG	Almatis	Nabaltec AG
2	Albemarle/Martinswerk	Rio Tinto Alcan	Albemarle/Martinswerk
3	Almatis	MAL Magyar Aluminium	Eggerding & Co.
4	MAL Magyar Aluminium	Nabaltec AG	

Source: Nabaltec AG

New Applications – new product segment Additives and Böhmite

Nabaltec AG invests heavily in research and development of new products. It is the goal, to increase the existing product pipeline and to improve the product mix. This should not only guarantee high growth rates but also improve profit margins.

The new additives are an excellent example for the successful realization of new products. The company has started the production of a new patented additive under the name ACTILOX® CAHC. For EUR 20.0m Nabaltec AG has built a new production site with the state of the art machines.

The new additive is mainly used in the PVC production. Applications are basically windows, plastic tubes as well as roller shutters. ACTILOX® CAHC is based on calcium/zinc and prevents plastic from corrosion, light and oxygen. Additionally, it has the characteristics to be free of heavy metal, thus being environment friendly.

Growth potential comes as well from Böhmite. The electronics industry - in particular the circuit boards industry - is Nabaltecs main client. With Böhmite it is possible to guarantee halogen free flame resistance and lead free brazing.

Of course it takes time, till a new customer can be gained as a partner. For potential new clients the usage of a new product implements a substantial adjustment to the production process, which understandably involves some risk. This has the consequence that companies tend to test the new additives extensively. Nabaltec AG is already in advanced talks with well known prospective clients. Some are already in the third auditing.

We are confident that Nabaltec AG is soon going to announce the assignment of new contracts with well known and globally active companies. This should lead to above growth rates in the mid to long run.

Growth market abroad

In 2010 the company was able to achieve around 70% of sales in the non German speaking region. We believe that this allocation will grow even further in the coming years. In Europe we expect over proportional high growth in areas like Portugal and Spain, which were acting weak in the last years.

In Asia sales are still low as Nabaltec AG has a relatively weak presence. We expect demand to grow over proportionally in the coming years as flame and environment protection will gain in importance; even under the risk that economic growth might weaken in the coming months. Nabaltec AG is perfectly positioned to benefit from this trend.

Nashtec LLC will play an important role, as a significant part will be shipped from the site in Texas. We expect high demand coming from the growth regions China and India.

In the USA we calculate with a stable and good demand. We see over proportional high demand from Latin America. There, like in Asia, Nabaltecs products are still used below average. But even in the Latin regions the changing regulatory environment should increase the demand for Nabaltecs products.

Financials

Second quarter 2011 – very promising

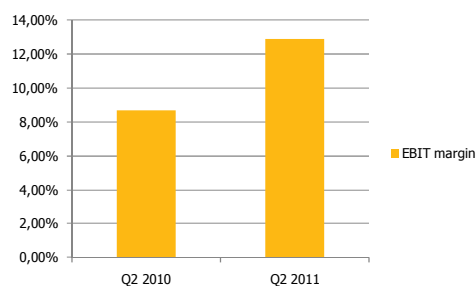
Q2 2011 was - as the previous quarters - very successful, what is demonstrating the operative strength of the company.

Sales gained by a very good 19.6% in Q2 2011 to EUR 34.78m compared to the comparable quarter last year. The company was successful in all regions and over all segments. Price increases had an additional positive effect on the results.

Even more convincing was the operating result. There, Nabaltec was able to reach an EBIT margin of 12.9%, which is equal to an operative profit of EUR 4.5m. It seems like the company has definitely made it to achieve sustainable earnings. This is also reflected in the Q2 2011 net result of EUR 2.13m (equal to a net profit margin of 6.1%).

The interest payments are with EUR 1.79m due to the debt levels very high – this is not going to change soon, but the results were still very good.

Development of EBIT margin Q2 2011 vs. Q2 2010 in %

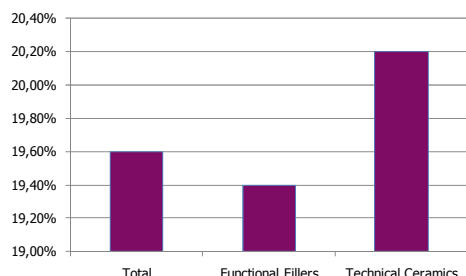


Source: Nabaltec AG

“Functional Fillers” and “Technical Ceramics” are both equally responsible for the positive sales results.

The Segment “Functional Fillers” was growing 19.4% to EUR 23.43m in Q2 2011, sales in the segment “Technical Ceramics” grew slightly stronger by 20.1% to EUR 11.35m. In the previous year the growth discrepancy was much higher; this in favor of “Functional Fillers”. We see this as a sign of the strong operative environment, as “Technical Ceramics” is far more cyclical than the other segment.

Sales Development Q2 2011 vs. Q2 2010 in %

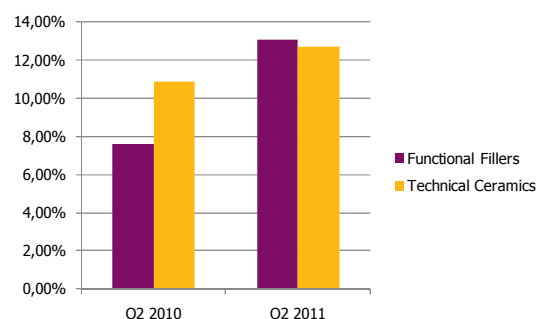


Source: Nabaltec AG

How well the company is developing can be seen, when having a look at the earnings development on a sector basis. In particular the profitability increased dramatically in the segment "Functional Fillers". In Q2 2010 the EBIT margin was 7.6%, in Q2 2011 it was already double digit; 13.1% an outstanding margin.

But the margin could be expanded significantly in the segment "Technical Ceramics" as well. Here, the EBIT margin grew from 10.9% in 2010 to 12.7% in Q2 2011.

EBIT margin development on a segment basis in %



Source: Nabaltec AG

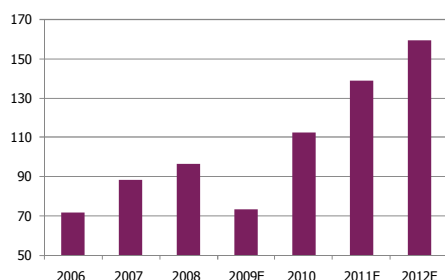
We expect a positive 2011 and 2012

We do not see any reason to change our positive estimates for the operative development of Nabaltec AG for the fiscal years 2011 and 2012. Capacity utilization in the German branches is high and the US branch Nashtec LLP is running at full capacity. We expect further price increases, the growth drivers are intact.

Therefore, we calculate in 2011 with a sales growth of 23% compared to last year, which is equal to total sales of EUR 138.66m. We expect the segments "Functional Fillers" and "Technical Ceramics" to be equally responsible for the growth.

For 2012 we expect a sales growth of 15% to EUR 159.9m. A sales shrinkage due to recessive tendencies is not our scenario.

Sales growth development in m



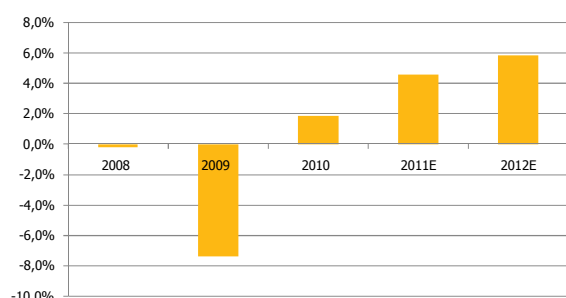
Source: Nabaltec AG

On the profit side we stay positive and could even be too conservative with our estimates. We expect in 2011 operative result of EUR 13.83m, this is equal to an EBIT margin of 10%.

For 2012 we expect that the company can expand its operative margin by one percentage point to 11%.

In regards to the net profit we stay positive. But the high debt level and therefore high interest payments have a negative effect on the net results. This is not going to change in the coming years as the investment needs will remain high. Still we calculate with a significant margin expansion. For 2011 our net earnings estimates are EUR 6.3m (net margin 4.6%), for 2012 we estimate a net profit of EUR 9.27m (net margin 5.8%).

Net margin Development in %



Source: Nabaltec AG

Appendix – Financial Reports

Profit and Loss Statement

(in EUR tsd.)	2004	2005	2006	2007	2008	2009	2010	2011E	2012E
Sales	56,499	61,319	71,578	88,109	96,277	73,060	112,701	138,656	159,455
Growth in %		9%	17%	23%	9%	-24%	54%	23%	15%
Others	1,021	4,324	2,105	3,734	6,303	-679	-56	0	0
Growth in %		324%	-51%	77%	69%				
Total	57,520	65,643	73,683	91,843	102,580	72,381	112,645	138,656	159,455
Growth in %		14%	12%	25%	12%	-29%	56%	23%	15%
Costs of Goods Sold	-28,966	-34,816	-38,843	-50,195	-57,528	-38,061	-58,650	-71,408	-82,119
in % of Sales	50.4%	53.0%	52.7%	54.7%	56.1%	56.0%	52.0%	51.5%	51.5%
Gross Profit	28,554	30,827	34,840	41,648	45,052	34,320	53,995	67,248	77,335
Gross Margins	49.6%	47.0%	47.3%	45.3%	46.8%	47.0%	47.9%	48.5%	48.5%
Personnel Expenses	-12,036	-12,817	-13,867	-15,648	-17,109	-15,595	-19,017	-21,870	-24,057
in % of Sales	21.3%	20.9%	19.4%	17.8%	17.8%	21.3%	16.9%	15.8%	15.1%
Other operating Expenses	-11,020	-12,209	-13,608	-17,649	-18,625	-14,992	-20,654	-24,265	-27,905
in % of Sales	19.5%	19.9%	19.0%	20.0%	19.3%	20.5%	18.3%	17.5%	17.5%
EBITDA	5,498	5,801	7,365	8,351	9,318	3,733	14,324	21,114	25,374
EBITDA Margins	9.7%	9.5%	10.3%	9.5%	9.7%	5.1%	12.7%	15.2%	15.9%
Depreciation	2,726	2,466	2,582	4,375	5,190	6,441	7,776	7,269	7,784
EBIT	2,772	3,335	4,783	3,976	4,128	-2,708	6,548	13,845	17,590
EBIT Margins	4.9%	5.4%	6.7%	4.5%	4.3%	-3.7%	5.8%	10.0%	11.0%
Financial Income	-711	-915	-1,276	-2,805	-3,087	-4,323	-5,111	-5,364	-5,226
EBT	2,061	2,419	1,582	1,171	1,041	-7,031	1,437	8,481	12,364
	3.6%	3.9%	2.2%	1.3%	1.1%	-9.6%	1.3%	6.1%	7.8%
Taxes	750	922	761	512	1,223	-1,666	-654	2,120	3,091
Tax Rate				44%	117%	0%		25%	25%
Other taxes	-36	-37	-38						
Net Profit	1,275	1,460	783	659	-182	-5,365	2,091	6,360	9,273
Net Margins	2.2%	2.2%	1.1%	0.7%	-0.2%	-7.3%	1.9%	4.6%	5.8%
Shareholders of the parent company				2,364	1,126	-5,047	1,779	5,360	8,273
Minority Interests				-1,705	-1,308	-318	312	1,000	1,000
EPS	0.21	0.24	0.10	0.30	0.14	-0.63	0.22	0.67	1.03
Number of Shares	6,000	6,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000

Source: Nabaltec AG, VEM Aktienbank

Balance Sheet

(in EUR tsd)	2007	2008	2009	2010	2011E	2012E
Assets						
Fixed Assets	82,520	96,928	108,469	109,033	116,764	121,980
Intangible Assets	265	364	233	216	216	216
				1,310	1,310	1,310
Long Term Assets	82,785	97,292	108,702	110,559	118,290	123,506
Inventories	17,849	28,408	19,213	21,415	22,498	25,873
Trade Receivables						
Trade Receivables from Operations	2,783	1,303	499	1,612	1,899	2,184
other Receivables	4,703	3,216	2,900	13,455	12,110	10,899
Cash	1,676	1,942	497	18,957	19,249	22,452
Deffered Income	7,062					
Current Assets	34,073	34,869	23,109	55,439	55,756	61,408
TOTAL	116,858	132,161	131,811	165,998	174,046	184,913
Liabilities and Stockholder´s Equity						
Equity	47,329	45,051	40,043	42,137	48,497	57,771
Subscribed Capital	8,000	8,000	8,000	8,000	8,000	8,000
Capital Reserves	29,764	29,764	29,764	29,764	29,764	29,764
Retained Earnings	9,707	9,707	9,707	9,711	9,711	9,711
Accumulated Deficit/Profit	- 170	1,394	2,520	- 2,572	2,788	11,062
Consolidated Results after Taxes	2,364	1,126				
Accumulated other comprehensive Result	- 486	- 934	- 5,945	1,203	1,203	1,203
Minority Interests	- 1,850	- 4,006	- 4,003	- 3,969	- 2,969	- 1,969
Provisions						
Other Provisions	1,528	930	868	354	354	354
Pension Provisions	9,606	9,643	11,078	13,053	14,358	15,794
Liabilities						
Long-term Financial Liabilities	20,374	27,377	47,197	39,609	39,609	37,629
Long-term Trade Liabilities	11,401	9,497	6,066	11,244	11,738	13,499
Liabilities from Companies	7,240	6,171	4,927	4,951	4,703	4,939
Short-term Financial Liabilities	6,790	10,236	4,737	8,332	8,332	8,332
Other Liabilities	7,729	17,612	4,426	28,694	28,694	28,694
Other short-term Liabilities	1,037	1,093	10,393	14,908	14,908	14,908
Tax Liabilities	3,824	4,551	2,076	2,716	2,852	2,994
TOTAL	116,858	132,161	131,811	165,998	174,046	184,913

Source: Nabaltec AG, VEM Aktienbank

Cash flow Statement

(in EUR tsd)	2008	2009	2010	2011E	2012E
Net Income				6,360	9,273
Depreciation				7,269	7,784
Changes in Provisions				1,305	1,436
Special Effect due to Factoring					
Changes in Receivables and other assets				-25	-2,449
Changes in Liabilities and others				383	2,139
Cash flow from Operating Activities		4,565	15,402	15,292	18,183
Purchase of intangible Assets and Fixed Assets		-20,336	-7,493	-15,000	-13,000
Cash flow from investing Activities		-20,336	-7,493	-15,000	-13,000
Cash Proceeds from equity sources					
Changes of Bank Liabilities					-1,980
Cash flow from Financing Activities		14,372	10,520	0	-1,980
Cash flow for the Year		-1,399	18,429	292	3,203
Cash Balance at the Beginning of the Year		1,942	497	18,957	19,249
Cash Balance at the End of the Year		1,942	497	18,957	22,452

Source: Nabaltec AG, VEM Aktienbank

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<u>Date of publication</u>	<u>Share Price at this date</u>	<u>Recommendation</u>	<u>New Fair Value (publication)</u>
09.07.2008	EUR 2,40	Buy	EUR 3,75
11.09.2009	EUR 2,07	Buy	EUR 3,55
25.11.2009	EUR 4,74	Buy	EUR 5,50
05.03.2010	EUR 4,30	Buy	EUR 5,50
03.05.2010	EUR 4,15	Buy	EUR 5,50
20.04.2011	EUR 9,00	Buy	EUR 12,00
10.06.2011	EUR 9,50	Buy	EUR 15,00

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Company	Disclosure
Nabaltec AG	3 - 5- 9 – 10- 11

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This financial analysis is based on public available information (Company presentations, Annual Reports, Quarterly Reports, Press Information, prospectus, ad-hoc announcements etc.). Moreover, management interviews for more detailed information about the current business development were held with the company.

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BUY: The expected return (composed of the projected change of the share price and the anticipated dividend yield) is at least + 10 %.

HOLD: The expected return (composed of the projected change of the share price and the anticipated dividend yield) ranges from – 10 % and + 10 %.

SELL: The expected return (composed of the projected change of the share price and the anticipated dividend yield) is worse than – 10 %.

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Additional important information:

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Date and Time of relevant Share Price (see first page):

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