

Report

Equities | Germany | Chemicals
Mai 3rd 2010

Nabaltec AG



Rating: Buy

Risk: High

Act. Value: EUR 4,15

Fair Value: EUR 5,5

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): 4,69 – 1,72

Market Cap (in EUR Mio.): 33,2

Shares Outst. (in Mio.): 8,0

Free Float: 39,4%

Price Chart:



Financial Calendar:

June 10, 2010: Annual Meeting

Aug. 24, 2010 Q2 2010

Date and time of Prices:

April 30th, 2010, 17:30 MEZ

Dipl. Volkswirt Raimund Saier, CEFA

VEM Aktienbank

r.saier@vem-aktienbank.de

T +49 (0) 89 30 903 - 4881

Attention is drawn to the disclaimer and other information on page 19

Out of the Crisis – Growth ahead

Nabaltec is growing again. The global world crisis is history and the company again reports positive growth rates. In the first quarter 2010 sales increased by 50% compared to the same quarter in the previous year. We expect over proportional high growth rates for the coming years and starting 2011 with positive net earnings.

Our fair value of the share is at EUR 5,50, which is equal to a company value of EUR 44 Mio.. We recommend purchasing the stock.

Main Points

- > The demand for "Functional Fillers" and "Technical Ceramics" is increasing again. High growth rates are currently mainly coming from abroad. But we expect a strong recovery in Germany.
- > The former problem child Nashtec L.P. is finally developing positively. Machines are almost running at full capacity and the joint venture should show positive results for the first in time in 2010.
- > Nabaltec invests strongly in new product development. Starting 2010 new additives should be added and should generate first sales. Additional innovative products like Böhmit for the electronics industry should follow.

Financials

For 2010 we expect a sales growth of 18% to EUR 86,03 Mio.. Operating profit (EBT) though should still be negative and should come in at EUR -2,14 Mio.; this mainly to a high depreciation rate and high interest payments. Starting 2011 the company should be able to achieve a positive EBT. We calculate with EUR 1,287 Mio.. Future investments should shrink substantially. This should have a positive effect on cash flow.

Valuation

To calculate the company value we have used a DCF model. We have used a WACC of 10,63%.

(in EUR tsd.)	2007	2008	2009	2010E	2011E
Sales	91.843	102.580	72.381	86.033	98.787
EBITDA Margins	9,5%	9,7%	5,1%	10,3%	12,1%
EBIT Margin	4,5%	4,3%	-3,7%	1,9%	5,0%
Net Profit	659	(182)	(5.365)	(2.139)	901
EPS	0,30	0,14	(0,63)	(0,33)	0,05
P/Sales			0,52	0,44	0,38
P/E			n.m.	n.m.	42,1
P/B			0,84	0,95	1,00

Content

Content	2
Executive Summary	3
SWOT Analysis	4
Short and midterm Catalysts	4
Valuation	5
DCF Valuation	5
Profile: Improved out of the economic crisis	6
The Business Model	6
Management and Employees	8
Competitive Environment	8
Investments	9
The Equity Structure	9
The Growth Drivers	10
High demand for already established products	10
New Applications – new product segment Additives	10
US Joint Venture Nashtec L.P.	11
Growth market abroad	11
Financials	13
Despite economic crisis first positive signals in the second half of 2009	13
Positive Q1 2010	14
Keeping on going upwards	14
Appendix – Financial Reports	16
Profit and Loss Statement	16
Balance Sheet	17
Cash flow Statement	18
Appendix – Legal Disclaimer	19

Executive Summary

- The company has overcome the economic crisis and it is time to grow again. The turnaround has already started in the second half of 2009, and the good figures for the first quarter 2010 have affirmed this trend. Nabaltec AG has been able to achieve a sales growth of 50% to EUR 16,3 Mio compared to the previous quarter. A positive operative profit of EUR 0,9 Mio. gives hope that annual 2010 results will be much better.
- 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 394 employees and 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 and is currently market leader in the segments of "Functional Fillers" (flame protection) and "Technical Ceramics" (ceramic masses)
- The joint Venture with Nashtec L.P. is now running very well after some difficulties previously. We expect a positive profit contribution, also because the competitor Almatix has announced to close its US production. This should lead to a surge in demand for Nashtec L.P..
- The production of the new additive ACTILOX CAHC (mainly used for PVC companies) has started and should for the first time generate sales in 2010. Additional new products like Böhmit for the electronic industry should act as additional growth drivers
- For 2010 we expect a positive sales growth of 18% to EUR 86,03 Mio.. A successful product mix and ongoing cost cutting should help to achieve positive operating margins. For 2010 we calculate with an EBIT margins of 1,9%.

SWOT Analysis

Stärken	Schwächen
<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. • The new additive ACTILOX CAHC should support growth in 2010 and should simultaneously lead to operative margins gains. 	<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.
Chancen	Risiken
<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 June 10th 2010 there will be the annual shareholders meeting. We expect the management will give an overview of the current situation as well as an outlook for 2010.
- The production of the new additive ACTILOX CAHC has slowly started in 2010. We expect positive news flow from this segment.
- As already in 2009 in 2010 successful road shows and investors conferences by the management should give confidence.

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"), in order 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.

Additionally we have used a classical key ratio analysis. We have not included this method into the calculation of the target price. As the company is likely to achieve losses or just small slightly positive earnings in the next years, the value of the ratio analysis would be limited.

The DCF method resulted in a fair company value of EUR 43,9 Mio., equal to a target price of EUR 5,5. 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 10,63%.

DCF Model

(in EUR tsd)	2007	2008	2009	2010E	2011E	2012E	2013E	2014E	2015E	2016E	2017E
Net Income		(182,00)	(5.365,00)	(2.139,21)	900,58	2.176,76	2.844,30	3.128,73	3.706,35	4.076,98	4.484,68
(+) Depreciation and Amortisation		5.190,00	6.441,00	7.231,27	7.082,52	5.581,44	6.251,21	6.876,34	7.563,97	8.320,37	9.152,40
(-) Cash flow from working capital		-	3.125,00	5.977,96	431,89	488,03	546,60	601,26	661,38	727,52	800,27
(-) Capital Expenditure		-	(20.336,00)	(5.000,00)	(3.000,00)	(5.581,44)	(6.251,21)	(6.876,34)	(7.563,97)	(8.320,37)	(9.152,40)
(-) Net Debt repayments		-	14.372,00	(2.359,85)	(2.241,86)	(2.000,00)	(1.000,00)	(1.000,00)	(1.000,00)	(1.000,00)	(1.000,00)
FCFE		5.008,00	(1.763,00)	3.710,17	3.173,12	664,79	2.390,90	2.729,99	3.367,73	3.804,50	4.284,95
FCFE adjusted for valuation date		5.008,00	(1.763,00)	3.710,17	3.173,12	664,79	2.390,90	2.729,99	3.367,73	3.804,50	4.284,95
PV of cash flows		5.008,00	(1.763,00)	3.467,03	2.680,39	507,63	1.650,31	1.703,38	1.899,48	1.939,73	1.974,86
Sum of PV - First Phase	6.655,05										
Sum of PV - Second Phase	9.167,77										
Terminal Value growth Rate	2,5%										
Terminal Value	54.056,27										
PV of Terminal Value	27.560,72										
PV of FCFE	43.383,54										
(+) Cash	497,00										
Target Value	43.880,54										
Summary of DCF Valuation		Value	% of Total								
PV of First Stage		6.655,05	15,2%								
PV Second Stage		9.167,77	20,9%								
PV of Terminal Value		27.560,72	62,8%								
Cash		497,00	1,1%								
Target Price		43.880,54	100,0%								

Cost of Equity	
Cost of Equity	10,63%
Beta	1,25
Risk Premium	6,5%
Risk Free rate	2,5%

Source: VEM Aktienbank

Profile: out of the economic crisis in a better shape

The company was founded in 1994 and is focusing 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 its products globally to the plastic, cable, ceramics, fire retardant as well as the polishing industry. The German production sites are in Schwandorf - the headquarter - and Kelheim. In 2005 Nashtec L.P. based in Corpus Christi, Texas/USA was added. Nashtec L.P. is a US Joint Venture together with Sherwin Aluminum and is now running very successfully. Nabaltec AG owns 51% of the company.

Currently the company has 349 employees globally. This number could be kept stable during the economic crisis as Nabaltec AG was able to successfully establish short work. Thus, in case of a demand increase, expensive new hires can be avoided.

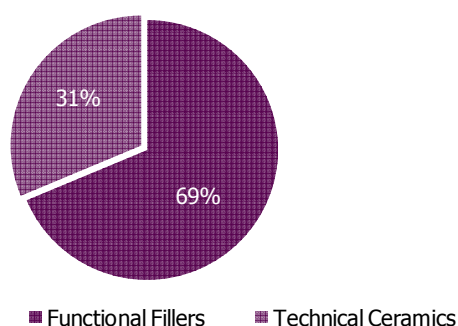
Obviously Nabaltec AG was negatively impacted by the global economic crisis and has reported a negative sales growth in 2009. But the company has used the phase to optimize its business structure. Thus we believe Nabaltec AG will be positioned stronger than ever.

The Business Model

The company focuses on two segments "Functional Fillers" and "Technical Ceramics". In 2009 Nabaltec AG reached total sales of EUR 73,1 Mio.. This is far below the 2008 sales figure (minus 24,1%) but still very satisfying considering the difficult economic environment the company was exposed to. EBITDA was EUR 3,7 Mio., which is equal to an EBITDA margins of 5,1%.

Total sales are generally allocated relatively stable to the segments over the years. But as the segment "Functional Fillers" is characterized by higher growth rates than "Technical Ceramics", we see a sales allocation shift to "Functional Fillers". In 2009 68,7% of totals sales were from this segment.

Sales Allocation by Segment (Fiscal Year 2009)

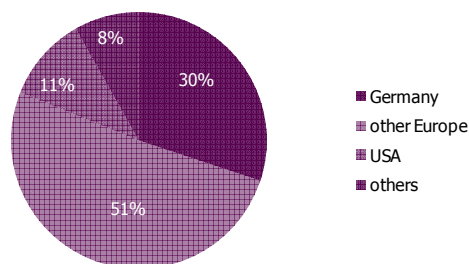


Source: Nabaltec AG

Nabaltecs main market is Europe with a percentage of 81% of total sales. Germany plays the biggest role in Europe (please see graphic). The USA is the second largest region. In 2009 the USA as well as

Asia recovered the fastest from the economic crisis. Therefore we see a slight sales shift towards these regions compared to 2008.

Regional distribution of total sales (Fiscal year 2009)



Source: Nabaltec AG

Functional Fillers

In 2009 "Functional Fillers" achieved sales of EUR 50,2 Mio.; substantially lower than in prior years and equal to a negative growth of -18,5% compared to last year. Due the very weak macroeconomic environment, this does not come to a surprise. The second half of 2009 was already characterized by a stabilization of the sales development. Positive was a plus of the EBITDA of EUR 2,8 Mio..

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 transports (cars, planes, trains) industry.

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

Main markets are Europe followed by the USA.

Technical Ceramics

With the segment "Technical Ceramics" Nabaltec AG achieved sales of EUR 22,9 Mio.; a minus of 34% in 2009. Compared to "Functional Fillers" growth rates are more volatile. Nabaltec AG was able to reach a positive EBITDA of EUR 0,9 Mio. in 2009 in this segment.

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.

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.

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.

Main market is Europe, particularly Germany.

Management and Employees

Nabaltec's 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.

Mister Witzany studied five semester Engineering and holds a degree as "Diplom Kaufmann" in Business Administration from the University of Regensburg. After holding a leading position in the metal industry he changed to VAW aluminium AG in 1985 and was managing VAW Flußspat Chemie GmbH. In 1992 he took over the management of VAW's special oxide division located in Schwandorf and Stadel. He was responsible for the restructuring and finally the sale of the Nabwerk to AKW. He as well was founding manager of Nabaltec GmbH. With the change from Nabaltec GmbH to Nabaltec AG in 1996 he is now acting as part of the top management. Today Mister Witzany is responsible for the trading unit, which includes purchasing, distribution, marketing, personnel as well as finance and controlling of the firm. Mister Witzany has a long term experience in the chemical sector and has a deep knowledge of Nabaltec's structure due to its seniority. Mister Heckmann is responsible for the technical segment and in particular for the production and development units. He owns an Engineering degree from the University in Rosenheim. Both own substantial Nabaltec share packages.

Competitive Environment

Nabaltec AG acts in an oligopolistic market environment. There are just a few global competitors, the barriers of entry are high. Main competition comes from small subsidiaries of large multinational chemical companies or small to midsize private firms. One of the main competitors, Almatix AG, has announced in March 2010 to leave the US market for fine hydroxide. This will additionally reduce the competition and will strengthen Nabaltec's position in this segment.

Currently Nabaltec AG has achieved to belong in all of its segments to the top suppliers. 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)

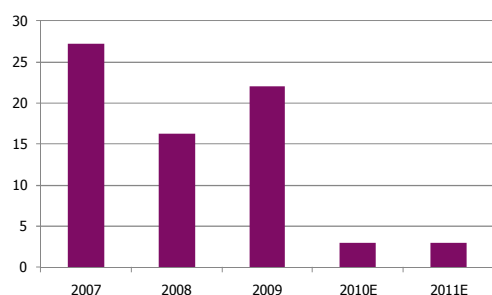
Rank	Functional Fillers	Technical Ceramics Raw Materials	Technical Ceramics Materials
1	Nabaltec AG	Almatis	Nabaltec AG
2	Albemarle/Martinswerk	Rio Tinto Alcan	Albemarle/Martinswerk
3	Almatis	MAL Magyar Aluminium	Eggerding & Co.
4	MAL Magyar Aluminium	Nabaltec AG	

Source: Nabaltec AG

Investments

The time of very high investments is over in our view. 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. We solely expect replacement investments.

Capital Expenditure in EUR Mio.

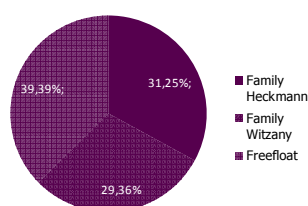


Source: Nabaltec AG, VEM Aktienbank

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 (32,94% of total shares) and Witzany (29,67% of total shares) hold the largest portion of the stocks. A bid more than 37% is Free float.

Current Equity Structure



Source: Nabaltec AG

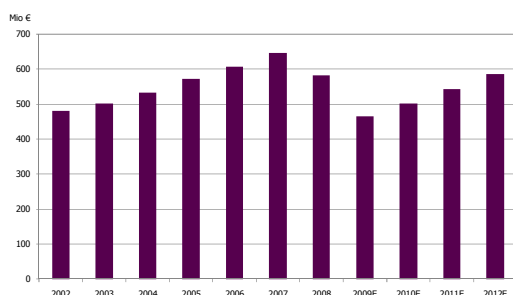
The Growth Drivers

We are definite that Nabaltec AG has overcome the economic crisis and believe that in the midterm as already mentioned in our initial report the growth drivers will catch again. The drivers will be of macroeconomic as well as sector and company specific nature.

High demand for already established products

We believe that the existing product line will be again characterized by over proportionally high demand after a phase of negative growth due to the economic crisis. The positive trend to flame protection is still intact. The noted Frost & Sullivan has published, that the long term growth rate will be 8,1%; this mainly due to new regulations for personal safety in transport as well as construction industry where specific safety aspects (no fire development) are necessary. Due to better quality characteristics of Nabaltec products (mainly a higher productivity) we believe, that Nabaltec AG will achieve even higher growth rates than the market

Growth of Flame retardant products in Europe in EUR Mio.



Source: Frost & Sullivan/ VEM Aktienbank AG

For the segment "Technical Ceramics" we expect as well good growth rates. We calculate with 5% annually. We believe that Nabaltec AG should be able to over achieve market growth mainly though over proportionally strong price growth.

New Applications – new product segment Additives

Nabaltec AG invests in research and development of new products. It is the goal to increase the existing product pipeline, which 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 the new patented additive under the name ACTILOX® CAHC in

the first quarter of 2010. For EUR 20 Mio. Nabaltec AG has built a new production site with the most modern machines.

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

We believe that this product will reach sales of EUR 3,5 Mio. in 2010. 2011 sales with ACTILOX CAHC should be EUR 8,0 Mio.. The highest demand will come from the USA, where we see the highest potential.

Additional growth potential comes from Böhmit. The electronics industry in particular the circuit boards industry is the main client. With Böhmit it is possible to brace with high temperatures. Also here, we hope for positive sales in the coming years. A pilot plant already exists in Kelheim.

US Joint Venture Nashtec L.P.

The joint venture Nashtec L.P. was Nabaltecs problem child for many years. The company started successful in 2006 but due to a technical defect and a 2 month shut down the trust in the company was initially small. Sales were far below expectations, capacity utilization was below average and Nashtec L.P. was in need of financial support of the owners.

Now this has changed dramatically. In the meantime the factory is running at almost full capacity. In the crisis year 2009 Nashtec L.P. has been cash positive in the first half and was break even on an operative basis.

We believe that in the coming years Nashtec L.P. will grow to a profitable company and the former problem child will develop to a "cash machine". The announced pullback of Almatris from the US region in the second half 2010 will be positive for Nashtec L.P. and consequently as well for Nabaltec AG, as Nabaltec AG will be the only company producing fine hydroxide in the US.

Nashtec L.P. has total capacity of 24.000 t and produces aluminum hydroxide as a halogen, flame resistant filler under the brand name APYRAL® 40CD. It was and is the goal to service clients directly in regions with USD currency and Asia. This leads to cost cutting as well as a lower dependence on currency fluctuations. Nashtec L.P. is a pure production site; distribution is organized through Nabaltec AG. Research and development as well as the administration are as well done in Schwandorf.

Growth market abroad

In 2009 the company was able to achieve 70% of sales in the non German speaking region. We believe that this allocation will grow even further in the coming years. Currently sales from Asia are still

quite small. We expect this region to grow over proportionally in the coming years as flame and environment protection will grow in importance. Therefore we expect strong demand mainly from countries like China and India. Here as well Nashtec L.P. will play an important role as a significant part will be shipped from the site in Texas. Other regions outside Germany should show strong growth rates too, which will be positive for the sales development of Nabaltec.

Financials

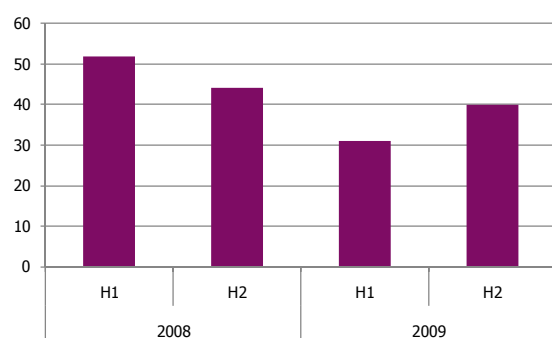
Despite economic crisis first positive signals in the second half of 2009

As expected, Nabaltec AG was impacted by the global economic crisis in 2009. Sales weakened by 24,1% to EUR 73,1 Mio compared to 2008, but results were better than our expectations. 2009 EBITDA was with EUR 3,7 Mio. as well slightly above our estimates. Due to a high depreciation of EUR 6,4 Mio, operating profit was with -2,7% negative.

Sales development and EBITDA improved substantially in the second half of 2009. Nabaltec AG was able to grow second half 2009 sales by 20,8% compared to the first half 2009.

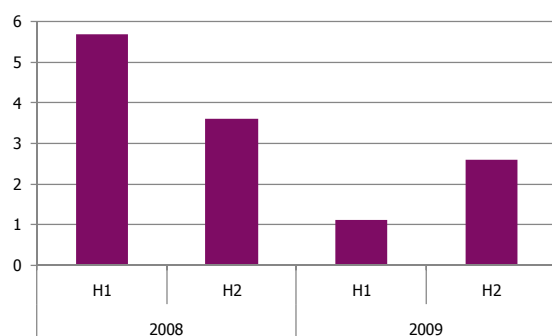
We find this is a sign for an economic improvement and we believe this trend will keep on going in 2010 and 2011.

Sales Development 2008/2009 on a Half Year Basis in EUR Mio.



Source: Nabaltec AG

EBITDA Development 2008/2009 on a Half Year Basis in EUR Mio.

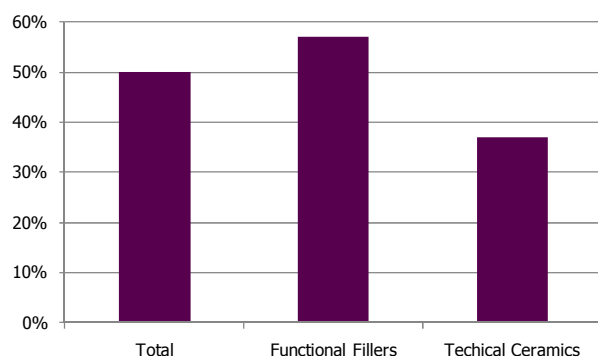


Source: Nabaltec AG

Positive Q1 2010

The fourth quarter 2009 has already shown: demand for Nabaltec products is constantly increasing. Thus the first quarter of 2010 developed surprisingly well. Sales increased by 50% to EUR 24,4% compared to the same quarter in the previous year. The first quarter 2008 was hid very hard by the economic crisis and therefore very weak, but we find the sales growth very promising. The segment "Functional Fillers" grew with 57% substantially stronger than "Technical Ceramics", which grew by 37%. Additionally positive was the ongoing strong performance of the US joint venture Nashtec. As the management has noted, the production runs at almost full capacity (85%),

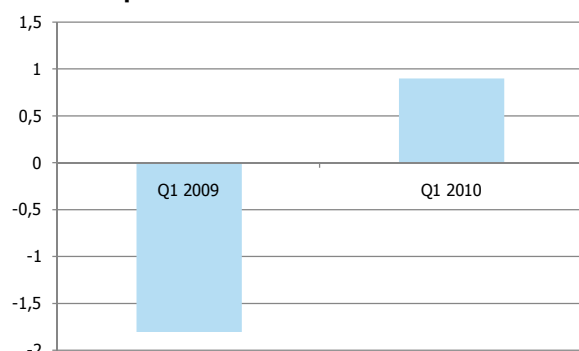
Sales Growth Q1 2010 versus Q1 2008 in %



Source: Nabaltec AG

The operative result was with EUR 0,9 Mio. also positive in the first quarter 2010.

EBIT Development in EUR Mio.



Source: Nabaltec AG

Ongoing upwards trend expected

Capacity utilization has reached 65% in the German factories with an ongoing upward tendency. As already mentioned the US Nashtec L.P. had as well a very good utilization rate. Visibility has not reached the same level as before the crisis, but it seems to improve. The economic crisis has been

conquered. Although sales from ACTILOX® CAHC will still be relatively low in 2010, we calculate with over proportionally high growth rates and a constantly increased share of sales

For 2010 we calculate with a sales growth of 18% compared to the previous year, which is equal to total sales of EUR 86,03 Mio.. We believe that both segments „Functional Fillers“ as well as „Technical Ceramics“ will be driven by higher demand. For 2010 we expect an additional growth push of 15% to EUR 98,78 Mio.

EBT should be still negative in 2010; mainly due to the high interest payments of EUR 3,78 Mio.. We calculate with EUR -2,13 Mio.. Not until 2011 we expect a positive EBT of EUR 1,42 Mio..

Starting 2010 we calculate with replacement investments of EUR 5,0 Mio.. From 2011 onwards with 3 Mio.. The high investment phase is over. This will support cash flow.

Appendix – Financial Reports

Profit and Loss Statement

(in EUR tsd.)	2004	2005	2006	2007	2008	2009	2010E	2011E
Sales	56.499	61.319	71.578	88.109	96.277	73.060	86.033	98.787
Growth in %		9%	17%	23%	9%	-24%	18%	15%
Others	1.021	4.324	2.105	3.734	6.303	-679		
Growth in %		324%	-51%	77%	69%			
Total	57.520	65.643	73.683	91.843	102.580	72.381	86.033	98.787
Growth in %		14%	12%	25%	12%	-29%	19%	15%
Costs of Goods Sold	-28.966	-34.816	-38.843	-50.195	-57.528	-38.061	-44.737	-50.381
in % of Sales	50,4%	53,0%	52,7%	54,7%	56,1%	56,0%	52,0%	51,0%
Gross Profit	28.554	30.827	34.840	41.648	45.052	34.320	41.296	48.405
Gross Margins	49,6%	47,0%	47,3%	45,3%	46,8%	47,0%	48,0%	49,0%
Personnel Expenses	-12.036	-12.817	-13.867	-15.648	-17.109	-15.595	-16.938	-18.632
in % of Sales	21,3%	20,9%	19,4%	17,8%	17,8%	21,3%	19,7%	18,9%
Other operating Expenses	-11.020	-12.209	-13.608	-17.649	-18.625	-14.992	-15.486	-17.782
in % of Sales	19,5%	19,9%	19,0%	20,0%	19,3%	20,5%	18,0%	18,0%
EBITDA	5.498	5.801	7.365	8.351	9.318	3.733	8.872	11.992
EBITDA Margins	9,7%	9,5%	10,3%	9,5%	9,7%	5,1%	10,3%	12,1%
Depreciation	2.726	2.466	2.582	4.375	5.190	6.441	7.231	7.083
EBIT	2.772	3.335	4.783	3.976	4.128	-2.708	1.641	4.910
EBIT Margins	4,9%	5,4%	6,7%	4,5%	4,3%	-3,7%	1,9%	5,0%
Financial Income	-711	-915	-1.276	-2.805	-3.087	-4.323	-3.780	-3.623
EBT	2.061	2.419	1.582	1.171	1.041	-7.031	-2.139	1.287
	3,6%	3,9%	2,2%	1,3%	1,1%	-9,6%	-2,5%	1,3%
Taxes	750	922	761	512	1.223	-1.666	0	386
Tax Rate				44%	117%	0%	0%	30%
Other taxes	-36	-37	-38					
Net Profit	1.275	1.460	783	659	-182	-5.365	-2.139	901
Net Margins	2,2%	2,2%	1,1%	0,7%	-0,2%	-7,3%	-2,5%	0,9%
Shareholders of the parent company				2.364	1.126	-5.047	-2.639	401
Minority Interests				-1.705	-1.308	-318	500	500
EPS	0,21	0,24	0,10	0,30	0,14	-0,63	-0,33	0,05
Number of Shares	6.000	6.000	8.000	8.000	8.000	8.000	8.000	8.000

Balance Sheet

(in EUR tsd)	2007	2008	2009	2010E	2011E
Assets					
Fixed Assets	82.520	96.928	108.469	106.238	102.155
Intangible Assets	265	364	233	233	233
Long Term Assets	82.785	97.292	108.702	106.471	102.388
Inventories	17.849	28.408	19.213	14.708	16.564
Trade Receivables					
Trade Receivables from Operations	2.783	1.303	499	1.886	2.165
other Receivables	4.703	3.216	2.900	2.900	2.900
Cash	1.676	1.942	497	4.207	7.380
Deferred Income	7.062				
Current Assets	34.073	34.869	23.109	23.701	29.009
TOTAL	116.858	132.161	131.811	130.172	131.397
Liabilities and Stockholder´s Equity					
Equity	47.329	45.051	40.043	37.904	38.804
Subscribed Capital	8.000	8.000	8.000	8.000	8.000
Capital Reserves	29.764	29.764	29.764	29.764	29.764
Retained Earnings	9.707	9.707	9.707	9.707	9.707
Accumulated Deficit/Profit	- 170	1.394	2.520	- 119	281
Consolidated Results after Taxes	2.364	1.126			
Accumulated other comprehensive Result	- 486	- 934	- 5.945	- 5.945	- 5.945
Minority Interests	- 1.850	- 4.006	- 4.003	- 3.503	- 3.003
Provisions					
Other Provisions	1.528	930	868	955	955
Pension Provisions	9.606	9.643	11.078	12.186	13.404
Liabilities					
Long-term Financial Liabilities	20.374	27.377	47.197	44.837	42.595
Long-term Trade Liabilities	11.401	9.497	6.066	7.354	8.282
Liabilities from Companies	7.240	6.171	4.927	4.681	4.447
Short-term Financial Liabilities	6.790	10.236	4.737	4.737	4.737
Other Liabilities	7.729	17.612	4.426	4.426	4.426
Other short-term Liabilities	1.037	1.093	10.393	10.913	11.458
Tax Liabilities	3.824	4.551	2.076	2.180	2.289
TOTAL	116.858	132.161	131.811	130.172	131.397

Cash flow Statement

(in EUR tsd)	2008	2009	2010E	2011E
Net Income		-5.047	-2.139	901
Depreciation		6.441	7.231	7.083
Changes in Provisions		1.373	1.195	1.219
Special Effect due to Factoring		2.303		
Changes in Receivables and other assets		10.564	3.118	-2.135
Changes in Liabilities and others		-11.115	1.665	1.348
Cash flow from Operating Activities		4.519	11.070	8.415
Purchase of intangible Assets and Fixed Assets		-20.336	-5.000	-3.000
Cash flow from investing Activities		-20.336	-5.000	-3.000
Cash Proceeds from equity sources		0	0	0
Changes of Bank Liabilities		14.372	-2.360	-2.242
Cash flow from Financing Activities		14.372	-2.360	-2.242
Cash flow for the Year		-1.445	3.710	3.173
Cash Balance at the Beginning of the Year		1.942	497	4.207
Cash Balance at the End of the Year		1.942	497	4.207

Appendix – Legal Disclaimer

This financial analysis is provided for informational purposes only. The analysis is based on publicly available information and data ("the Data") which VEM Aktienbank AG ("VEM") believes to be reliable and complete, but no representations or guarantees are made neither by VEM nor by its employees with regard to the reliability or completeness of the Data.

Neither VEM nor its employees accept any liability or responsibility whatsoever for any expense, loss or damages arising out of or in any way connected with the use of this analysis or any part of it.

This analysis does not constitute or form part of, and should not be construed as, any offer for sale or subscription of, or any invitation to offer, to buy or subscribe for any securities. Nothing in this analysis shall be deemed to constitute a contractual or any other obligation of whatever kind of VEM. An investment decision ought to be based on a properly approved prospectus or information memorandum and under no circumstances on this document. In any cases, investors must make their own independent decision as to whether the securities are appropriated on their own judgment and upon the advice of any relevant advisors they have consulted. The analysis has got no advisory function.

Opinions, estimates and projections in this analysis constitute the current judgment of its author as of the date of this analysis. They do not necessarily reflect the opinion of VEM and are subject to change without notice. Past performance is not necessarily a guide to future performance. Neither VEM nor its employees accept any liability or responsibility whatsoever in case target figures given in the analysis will not be achieved. Any change in the assumptions on which the analysis is based on can have a material impact on the target figures stated in the analysis.

This financial analysis nor any copy of it may not be sent to, brought to, or issued in the United States of America and must not be distributed to U.S. persons (as defined in Regulations S of the U.S. Securities Act of 1933, as amended ("Securities Act")) or publications with a general circulation in the United States. This financial analysis does not constitute an offer or invitation to purchase any securities in the United States. The securities of the company described in this financial analysis have not been registered under the Securities Act and may not be offered, sold or delivered within the United States or to U.S. persons absent from registration under or an applicable exemption from the registration requirements of the United States Securities Law.

This financial analysis is directed only at persons (I) who are outside the United Kingdom or (II) who have professional experience in matters relating to investments and fall within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 ("the Order"), or (III) are persons falling within Article 49 (2) (A) to (D) (High Net Worth Entities) of the Order (all such persons being referred to as "Relevant Persons"). This document is directed only at Relevant Persons and other persons should not act or rely on this report or any of its contents.

Neither this analysis nor any copy of it may be taken or transmitted into Canada or Japan or distributed or redistributed in Canada or Japan or to any resident thereof. The distribution of this analysis in other jurisdictions may be restricted by law and recipients should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the laws of any other such jurisdiction.

This analysis may not be reproduced, redistributed, passed on to any other person or published in whole or in part without the prior written consent of VEM. In particular VEM does not allow the redistribution of this analysis to nonprofessional investors and cannot be held responsible in any way for any third parties who effect such redistribution.

By accepting this analysis you agree to be bound by the foregoing restrictions.

Summary of VEM's recommendations over the last 12 month concerning the securities of the company being subject of this analysis

<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

Disclosure of potential conflicts of interests according to Section 34b of the German Securities Trading Act (WpHG) in combination with the German Ordinance on the Analysis of Financial Instruments (FinAnV) at the date of publication of the analysis:

Section 34b of the WpHG in combination with the FinAnV requires credit institutions preparing and publishing financial analyses to point out possible conflicts of interest with respect to the companies that are the subjects of the analyses. Possible conflicts of interest of the employees of VEM, that have been involved in the preparation of this analysis, of VEM as the enterprise, being responsible for the preparation of this analysis, of VEM's affiliated companies, or of any other persons or enterprises acting on behalf of VEM or VEM's affiliates and being involved in the preparation of this analysis, may exist with the following company being part of the analysis:

<u>Company</u>	<u>Disclosure</u>
Nabaltec AG	3 - 5- 11 - 12

1. There is a major shareholding (a shareholding exceeding 5 percent of the share capital) between persons and/or enterprises mentioned above and the issuer that is, or whose financial instruments are, the subject of this financial analysis.
2. The remuneration of the persons and/or enterprises mentioned above is dependent on investment banking transactions of the responsible enterprise or an undertaking associated with it.
3. The persons and/or enterprises mentioned above regularly hold shares of the issuer that is, or whose financial instruments are, the subject of this financial analysis, in its trading portfolio.
4. The persons and/or enterprises mentioned above own a short position in shares of the issuer that is, or whose financial instruments are, the subject of this financial analysis, of at least 1 percent of the share capital.
5. The persons and/or enterprises mentioned above manage the financial instruments of the issuer that is, or whose financial instruments are, the subject of this financial analysis, on a market by placing buy or sell orders (Market Making/Designated Sponsoring).
6. The persons and/or enterprises mentioned above act as Corporate Broker for the issuer that is, or whose financial instruments are, the subject of this financial analysis.
7. The persons and/or enterprises mentioned above have, within the past 12 month, been part of a consortium for the issue of shares of the issuer that is, or whose financial instruments are, the subject of this financial analysis, in the way of a public offering.
8. The persons and/or enterprises mentioned above have acted as investment bank or selling agent in connection with initial public offering of the issuer that is, or whose financial instruments are, the subject of this financial analysis, in the way of a public offering.
9. The persons and/or enterprises mentioned above have, within the past 12 month, been party to an agreement on provision of investment banking services with the issuer that is, or whose financial instruments are, the subject of this financial analysis, or have received services or a promise to perform under the terms of such an agreement during the same period.
10. The persons and/or enterprises mentioned above expect or aim, within the next 3 month, for fees, allowances or payments of any other kind for investment banking services from the issuer that is, or whose financial instruments are, the subject of this financial analysis.
11. The persons and/or enterprises mentioned above have entered into an agreement on the preparation of this financial agreement with the issuer that is, or whose financial instruments are, the subject of this financial analysis.
12. Prior to its first publication, this financial analysis has been made available to the issuer that is, or whose financial instruments are, the subject of this financial analysis.
13. The persons and/or members of the management board of the enterprises mentioned above are members of the management or supervisory board of the issuer that is, or whose financial instruments are, the subject of this financial analysis.
14. The persons and/or enterprises mentioned above have any other significant economic interests relating to the issuer that is, or whose financial instruments are, the subject of this financial analysis.

VEM has made internal organisational arrangements, e.g. in the way of "Chinese Walls" or by keeping watch- and restricted lists, so as to prevent as far as possible any conflicts of interest in preparing and publishing analyses. VEM will disclose conflicts of interests if they occur.

Authors of this financial analysis:

Raimund Saier, Diplom Volkswirt, CEFA, M.A.

Company responsible for the preparation and communication of this financial analysis:

VEM Aktienbank AG, Prannerstr. 8, 80333 Munich („VEM“)

VEM is registered as Credit Institution at the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht - "BaFin"), Lurgiallee 12, D-60439 Frankfurt, Germany and is subject to supervision by the BaFin.

Details of material sources of information:

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.

Summary of the valuation methods and principles applied in the preparation of the financial analysis:

The valuations underlying the ratings of the securities analysed by VEM are based on generally accepted and widely used methods of fundamental valuation, such as DCF model, Peer group comparison, NAV valuation and - where applicable - a Sum-of-the-parts model.

VEM applies an absolute equity rating system with 3 grades. Each grade complies with following expectations (Ratings refer to time period of 6 months):

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 %.

For further important details concerning the valuation methods applied in the preparation of this analysis, the meaning of the specific investment recommendation (including the recommended investment period, the risks associated with the investment and the sensitivity of the valuation parameters) please see the Section "Valuation" in this analysis.

Quarterly summary:

VEM is evaluating its ratings on a quarterly basis. The evaluation for the last quarter compares VEM's recommendations "Buy", "Hold", and "Sell" in total with VEM's recommendations "Buy", "Hold", and "Sell" for companies to which VEM has delivered significant investment banking services during the last 12 month. To view this evaluation, please visit www.vem-aktienbank.de.

Additional important information:

Date of first publication of this analysis by VEM : May 3rd 2010

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

A schedule for an update of this Analysis is not appointed yet. VEM reserves the right to update any individual analysis without prior notice.