

28 November 2022

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Nabaltec

Germany

Chemicals

Better than expected pricing & slower than expected demand worsening – TP lifted to EUR 30; Upgrade to Buy

After Nabaltec's 3Q22 reporting on 24 November was far better than expected by us on the earnings & margin side (>14% above our forecasts), due to ongoing okay underlying demand, far less than feared destocking and strong pricing, we have increased our 2022 forecasts by 1-66% towards the guidance lifted with 3Q22. After we spoke with Nabaltec's CEO Heckmann, we also increased our 2023E & 2024E forecasts significantly (from a very conservative base) as we are becoming less concerned on the potential demand drop in 2023E and see inflationary effects as less dramatic than we had assumed in our update of 18 October. As Nabaltec's valuation is attractive and its long-term story (driven by batteries for EVs and stricter fire- & flame-retardant regulations), we upgrade the stock to Buy.

■ **Why do we still expect 2023 earnings to drop by >16.5% yoy?** Nabaltec is hedged for its gas demand in 2023 but its electricity demand (which was 50% hedged for 2022) is not hedged for 2023. According to our calculation (and based on the current energy forwards for 2023E), the higher electricity prices could stand for EUR 18mn higher costs in 2023E alone. Additionally, also the prices for Nabaltec's raw material alumina oxide and hydroxide went up 25-30%, which could be further EUR 16mn higher costs. As Nabaltec was very successful in 9M22 to increase product prices and we think further price increases might follow, Nabaltec should be able to pass on to customers a part of the higher costs. In contrast, we expect demand for Specialty Alumina and also partly for Functional Filler products to drop in 2023E and forex to not help anymore and, consequently, our revenue forecast for 2023E sees still over 7% yoy decline.

■ **Target price lifted by EUR 6 per share to EUR 30 – Upgrade to Buy from Add.** Based on our 2023 estimates (5% to 15% below consensus), Nabaltec trades on multiples which are ~30% below the long-term historic average and therefore look attractive from the valuation side. The change in our estimates had EUR 6 per share effect on our valuation models. As we see Nabaltec's long-term investment story fully intact, we upgrade the stock to Buy.

	2020	2021	2022E	2023E	2024E
Gross sales (EUR mn)	159.6	187.0	220.6	204.2	206.2
EBITDA (EUR mn)	23.6	37.3	40.5	33.8	39.6
EBIT reported (EUR mn)	-15.9	24.6	26.3	18.1	23.9
EBIT adjusted (EUR mn)	-15.9	24.6	26.3	18.1	23.9
Net income (EUR mn)	-19.7	16.3	24.2	12.3	16.6
EPS reported (EUR)	-2.23	1.85	2.75	1.40	1.88
EPS adjusted (EUR)	-2.23	1.85	2.75	1.40	1.88
DPS (EUR)	0.00	0.30	0.30	0.30	0.45
Dividend yield (%)	0.0	0.9	1.2	1.2	1.8
P/E adjusted (x)	-	17.4	8.9	17.6	13.1
P/BV (x)	2.7	2.9	1.8	1.6	1.4
EV/Sales (x)	1.8	1.8	1.1	1.1	1.2
EV/EBITDA (x)	12.1	9.0	6.2	6.8	6.2
EV/EBIT (x)	-17.9	13.6	9.6	12.7	10.3
Net debt/EBITDA (x)	1.4	0.2	-0.2	-0.8	-0.2

Source: Company data, Baader Helvea Equity Research

Buy (prev. Add)

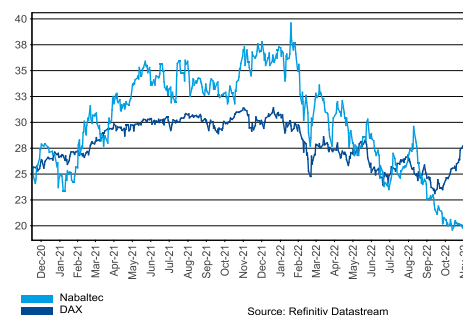
Closing price as of 25-Nov-22	EUR 24.60
High/Low (12M)	39.60/19.60
Target price (prev. EUR 24.00)	EUR 30.00
Upside to target price (%)	22.0
Expected dividend yield (%)	1.2
Total return potential (%)	23.2

Reuters/Bloomberg	NTGG.DE/NTG GY
Avg. daily turnover (EUR mn)	0.08
Free float (%)	45.0
Market cap. (EUR mn)	216
No. of shares issued (mn)	8.8

Events

Annual general meeting	Jun-2023
4Q	Apr-2023
Shareholders	Heckmann family 28.2%, Witzany family 27.2%, AGI 4.5%

Price relative to Index



Performance (%)	1M	3M	6M
Absolute	19.4	-16.9	-8.6
rel. DAX	8.0	-26.5	-12.4
rel. STOXX Europe 600	11.3	-18.6	-10.0
rel. SXXP Chemicals	10.1	-24.3	-9.4

Changes in estimates

EUR mn	2022E Prev.	Delta (%)	2023E Prev.	Delta (%)
Gross sales	217.7	1.3	188.9	8.1
EBIT adj.	22.9	15.2	9.2	95.8
EPS adj. (EUR)	1.66	65.7	0.60	133.3
DPS (EUR)	0.30	0.0	0.30	0.0

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Nabaltec

WE STILL THINK NABALTEC'S EARNINGS MIGHT BE UNDER PRESSURE IN 2023E...

...due to over 100% higher electricity and >25% higher alumina & alumina hydroxide costs

Where do we differ from Nabaltec's guidance and consensus forecasts

EUR mn		2022E			2023E			2024E			
		Guidance	Baader	Cons.	Dev (%)*	Baader	Cons.	Dev (%)*	Baader	Cons.	Dev (%)*
Sales	15-17% (prev. 12-14% sales growth) or EUR 215 to 219mn		220.6	217.4	1.5	204.2	210.7	-3.1	206.2	217.1	-5.0
EBITDA		n.a.	40.5	38.4	5.7	33.8	35.6	-5.1	39.6	40.4	-1.9
EBIT		n.a.	26.3	24.5	7.4	18.1	21.5	-15.6	23.9	25.5	-6.1
EBIT margin	12-13% (prev. 10-12%)		11.9	11.3	n.m.	8.	10.2	n.m.	11.6	11.7	n.m.
DPS (EUR)		n.a.	0.30	0.29	3.4	0.30	0.31	-3.2	0.45	0.44	2.3

* Deviation Baader Helvea vs consensus forecasts

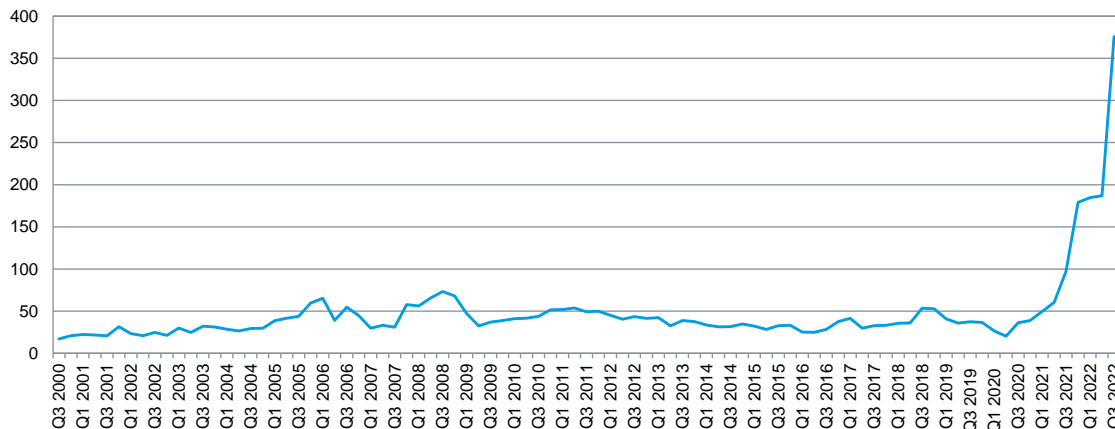
Source: Company data, Refinitiv, Baader Helvea Equity Research

- Nabaltec is much better positioned for the potential crisis than in 2008 and might come out of the crisis stronger:** We fear that the recession and high energy cost effects for Nabaltec Specialty Alumina business might be strongest as there are big energy intense customers (steel or alumina producers in EU), which might be hit hard by the high energy costs and potential demand drop from the automotive industry in 2023E. In contrast, we are more positive for Nabaltec's Functional Fillers division. There might be temporary lower demand from the construction industry but big infrastructure projects (e.g. 5G or charging infrastructure for EVs) and Nabaltec's Boehmite product for EV batteries might buffer part of these negative effects, given the fact that the secular long-term demand for EV products remains intact. In addition, Nabaltec has a strong balance sheet, which was not the case in 2008. As several competitors of Nabaltec already had major issues before the war in Ukraine and the increase of interest rates, we think there might be market consolidation again, which could further strengthen Nabaltec's position.
- 3Q22 reporting at a glance:** 1) main driver behind the revenue growth was **price effects**, 2) **stable demand**, 3) Nabaltec has noticed that its customers are once again aligning their ordering behavior very closely to their actual needs. This trend was most clearly visible with Nabaltec's boehmite, where customers in 2021 had ordered well in excess of demand and on stock, due to concerns about the availability of goods and the stability of global supply chains but in 2022 this pull-forward effect noticeably slowed demand for boehmite. According to Nabaltec's assessment, there are currently hardly any high levels of stocks and inventories left in the value-adding stages downstream from Nabaltec and, therefore, the **risk of destocking seems limited** in this product segment. 4) 3Q22 includes **extraordinary tax income** of EUR 6.8mn due to a cost settlement with our US subsidiary Nashtec from 2020.
- 2022 guidance lifted:** Due to the continued very sound development in 3Q22 and additional price effects, Nabaltec AG is once again adjusting its previous forecast upward. The company now expects revenue growth in the range of 15% to 17% (prev.: 12% to 14%) and an EBIT margin in the range of 12% to 13% (previously 10% to 12%) on the earnings side for financial year 2022. The forecast is based on the assumption that, despite the current risks for the global economy, the economy and the industries relevant to Nabaltec will develop in a stable fashion.

Nabaltec

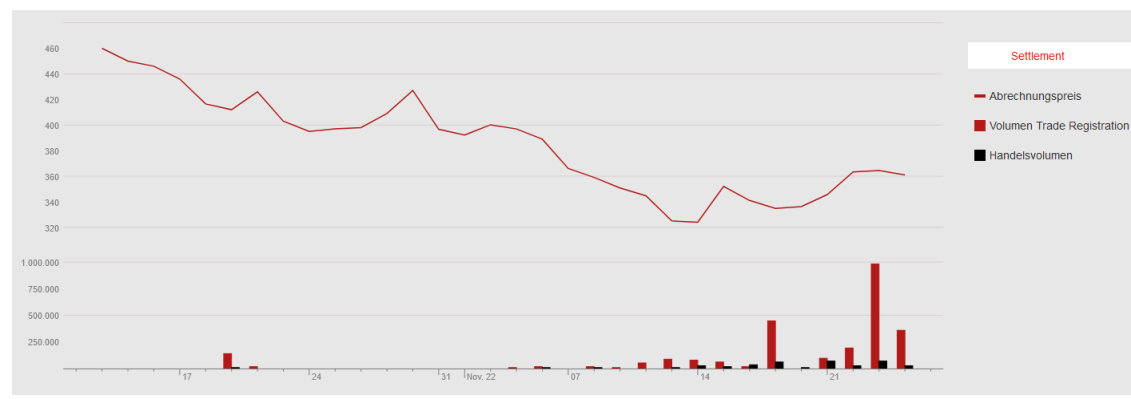
ELECTRICITY PRICE DEVELOPMENT IN GERMANY

Quarterly electricity price of the EEX (KWK price in EUR/MWh)



Source: EEX, Baader Helvea Equity Research

Energy price futures for 2023 (and its trading volume) of the EEX



Source: EEX

Nabaltec

CONSOLIDATED INCOME STATEMENT

		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
Gross sales	EUR mn	132.9	143.3	151.3	159.2	174.3	176.7	180.0	159.6	187.0	220.6	204.2	206.2
Sales adjustments	EUR mn	1.4	-0.3	2.0	0.4	-4.2	0.7	2.4	-3.9	0.2	1.5	0.0	0.0
Sales	EUR mn	134.3	143.0	153.3	159.6	170.1	177.4	182.4	155.7	187.2	222.1	204.2	206.2
Change yoy	%	3.8	6.5	7.2	4.1	6.6	4.3	2.8	-14.7	20.3	18.6	-8.1	1.0
Cost of sales	EUR mn	-69.6	-75.1	-85.7	-80.9	-83.7	-86.3	-86.7	-75.0	-88.2	-104.2	-86.7	-85.5
as a percentage of sales	%	-51.8	-52.5	-55.9	-50.7	-49.2	-48.6	-47.5	-48.2	-47.1	-46.9	-42.5	-41.4
Change yoy	%	3.4	7.9	14.0	-5.5	3.4	3.0	0.5	-13.5	17.6	18.2	-16.8	-1.4
Gross results	EUR mn	64.7	67.9	67.6	78.6	86.4	91.2	95.8	80.7	99.1	117.9	117.5	120.8
as a percentage of gross sales	%	48.7	47.4	44.7	49.4	49.6	51.6	53.2	50.6	53.0	53.4	57.5	58.6
Change yoy	%	4.3	4.9	-0.3	16.2	9.9	5.6	5.0	-15.8	22.8	19.0	-0.4	2.8
Personnel expenses	EUR mn	-22.5	-25.4	-29.4	-31.7	-31.3	-33.0	-36.4	-32.0	-34.8	-39.6	-40.8	-42.0
as a percentage of sales	%	-16.8	-17.7	-19.2	-19.9	-18.4	-18.6	-20.0	-20.6	-18.6	-17.8	-20.0	-20.4
Change yoy	%	3.4	12.6	16.1	7.6	-1.2	5.4	10.3	-12.1	8.9	13.7	3.0	2.9
Other operating income	EUR mn	1.3	2.6	2.2	2.2	4.5	3.1	0.6	0.0	0.0	0.0	0.0	0.0
as a percentage of sales	%	1.0	1.8	1.4	1.4	2.7	1.7	0.3	1.3	0.0	0.0	0.0	0.0
Other operating expenses	EUR mn	-23.8	-22.7	-22.7	-26.2	-29.6	-30.7	-28.1	-39.4	-12.7	-37.8	-42.9	-39.2
as a percentage of sales	%	-17.7	-15.9	-14.8	-16.4	-15.9	-17.3	-15.9	-25.3	-17.0	-17.0	-21.0	-19.0
Change yoy	%	2.6	-4.4	-0.1	15.5	12.9	3.7	-8.5	40.5	-67.7	196.4	13.5	-8.6
Additional ordinary expense	EUR mn	-9.2	-9.7	-9.3	-10.7	-11.7	-12.1	-11.3	-25.1	-27.0	-14.2	-15.7	-15.7
EBIT	EUR mn	10.5	12.7	8.4	12.2	18.3	18.5	20.6	-15.9	24.6	26.3	18.1	23.9
as a percentage of sales	%	7.9	8.8	5.5	7.7	10.5	10.4	11.4	-9.9	13.1	11.9	8.9	11.6
Change yoy	%	5.1	20.3	-33.8	45.8	49.8	0.8	11.5	-177.1	-254.8	7.2	-31.2	32.0
Depreciation & Amortization	EUR mn	-9.2	-9.7	-9.3	-10.7	-12.1	-12.1	-13.7	-39.4	-12.7	-14.2	-15.7	-15.7
EBITDA	EUR mn	19.8	22.4	17.7	22.9	30.4	30.6	34.3	23.6	37.3	40.5	33.8	39.6
as a percentage of sales	%	14.9	15.6	11.7	14.4	17.5	17.3	19.1	14.8	19.9	18.4	16.6	19.2
Change yoy	%	5.0	13.2	-21.0	29.7	32.8	0.5	12.2	-31.3	58.3	8.7	-16.6	17.1
Net financial result	EUR mn	-5.9	-4.2	-3.0	-3.1	-2.6	-2.7	-2.9	-2.0	-1.8	-1.5	-1.0	-0.9
EBT	EUR mn	4.7	8.5	5.4	9.2	15.7	15.8	17.7	-17.8	22.8	24.8	17.1	23.0
as a percentage of sales	%	3.5	5.9	3.6	5.8	9.0	8.9	9.8	-11.2	12.2	11.3	8.4	11.1
Change yoy	%	12.6	83.1	-36.2	68.5	71.7	0.2	12.0	-201.0	-227.7	8.9	-31.0	34.3
Income tax expense	EUR mn	-0.9	-2.5	-2.6	-3.9	-4.3	-5.5	-6.2	-1.8	-6.5	-0.6	-4.8	-6.4
Tax rate	%	-20.2	-28.8	-47.8	-42.3	-27.2	-34.7	-34.8	10.2	-28.6	-2.6	-28.0	-28.0
Net income (reported)	EUR mn	3.7	6.1	2.8	5.3	11.5	10.3	11.5	-19.7	16.3	24.2	12.3	16.6
as a percentage of sales	%	2.8	4.2	1.9	3.3	6.6	5.8	6.4	-12.3	8.7	11.0	6.0	8.0
Change yoy	%	22.9	63.4	-53.2	86.1	116.7	-10.2	11.9	-270.8	-182.7	48.7	-49.0	34.3
Minorities	EUR mn	-1.1	-0.6	-0.7	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income (rep.) after minorities	EUR mn	2.6	5.5	2.1	5.3	11.5	10.3	11.5	-19.7	16.3	24.2	12.3	16.6
Change yoy	%	28.8	107.6	-61.7	153.8	114.3	-10.2	11.9	-270.8	-182.7	48.7	-49.0	34.3
Number of average shares outstanding	mn	8.0	8.0	8.0	8.0	8.2	8.8	8.8	8.8	8.8	8.8	8.8	8.8
EPS (reported)	EUR	0.33	0.69	0.26	0.67	1.39	1.17	1.31	-2.23	1.85	2.75	1.40	1.88
Change yoy	%	28.8	107.6	-61.7	153.8	108.1	-15.9	11.9	-270.8	-182.7	48.7	-49.0	34.3
Dividend per share ord. shares	EUR	0.06	0.12	0.15	0.15	0.18	0.19	0.21	0.00	0.30	0.30	0.30	0.45

Source: Company data, Baader Helvea Equity Research

Nabaltec

CASH FLOW STATEMENT

		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
Earnings before tax (EBT)	EUR mn	4.7	8.5	5.4	9.2	15.7	15.8	18.4	-17.8	22.8	24.8	17.1	23.0
Depreciation & Amortization	EUR mn	9.2	9.7	10.2	10.8	11.7	12.6	13.7	39.4	12.7	14.2	15.7	0.0
Interest income	EUR mn	-0.3	-0.2	-0.4	-0.3	-0.1	-0.1	-0.7	-0.1	-0.1	-0.6	-0.7	-0.6
Interest expense	EUR mn	6.2	4.3	3.3	3.3	2.7	2.8	2.9	2.0	1.8	2.1	1.7	1.5
Increase/decrease provisions	EUR mn	1.1	0.2	2.7	10.1	-1.3	-0.8	10.3	-1.9	-1.2	-0.7	-2.4	0.3
Increase/decrease receivables/other assets	EUR mn	-2.0	-0.3	-0.7	0.5	-3.3	-2.7	-3.4	-1.9	-0.3	-0.1	0.4	-0.1
Decrease/increase inventories	EUR mn	-2.6	-1.3	-3.2	-0.1	-2.1	-1.6	-5.9	7.6	-1.0	-9.4	3.5	-0.4
Increase/decrease payables/other liabilities	EUR mn	-2.7	1.2	2.4	2.2	1.1	-3.0	0.8	-1.8	-0.9	4.9	-1.3	0.1
Change in NWC	EUR mn	-6.2	-0.2	1.1	12.8	-5.6	-8.1	1.8	2.1	-3.5	-5.3	0.3	0.0
Other/adjustments	EUR mn	-0.7	-1.3	-0.7	-9.7	1.5	-1.0	-13.7	11.1	1.3	1.0	1.0	0.0
Cash flow from operations	EUR mn	12.9	20.9	20.1	26.1	25.9	22.0	22.4	36.8	35.1	36.2	35.1	23.9
Disposals of fixed assets	EUR mn	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	-0.2
Acquisition of fixed assets	EUR mn	-5.7	-7.8	-12.8	-16.8	-23.5	-26.9	-19.9	-10.2	-6.7	-25.0	-25.0	-25.0
Disposals of intangible assets	EUR mn	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Acquisition of intangible assets	EUR mn	-0.1	-0.3	-0.2	-0.2	-0.1	-0.1	-0.2	-0.1	-0.1	-0.1	-0.1	0.0
Other/adjustments	EUR mn	3.2	-1.9	-0.1	-0.1	-0.3	-0.1	0.0	0.0	0.0	1.0	1.0	1.0
Cash flow from investments	EUR mn	-2.6	-10.0	-13.1	-17.0	-23.9	-27.1	-20.0	-10.3	-6.7	-24.1	-24.1	-24.2
Free cash flow	EUR mn	10.3	10.9	7.1	9.1	2.0	-5.1	2.3	26.4	28.4	12.1	11.0	-0.3
Dividends	EUR mn	0.0	-0.5	-1.0	-1.2	-1.2	-1.6	-1.7	-1.8	0.0	-2.6	-2.6	-2.6
Change in borrowings	EUR mn	11.0	-9.1	12.2	-11.0	-2.3	-1.4	0.5	-11.4	-0.2	0.0	0.0	0.0
Cash rendered in fixed deposits	EUR mn	-0.4	-3.3	0.4	1.0	0.1	-2.1	1.9	0.0	0.0	0.0	0.0	0.0
Allocation to pension funds	EUR mn	1.1	6.4	2.7	10.1	-1.3	-0.8	10.3	-1.9	-1.2	-0.7	-2.4	0.3
Interest paid	EUR mn	-6.2	-4.3	-3.3	-3.3	-2.7	-2.8	-2.9	-2.0	-1.8	-2.1	-1.7	-1.5
Interest received	EUR mn	0.3	0.2	0.4	0.3	0.1	0.1	0.7	0.1	0.1	0.6	0.7	0.6
Other/adjustments	EUR mn	-0.6	-3.1	-3.7	-11.3	16.0	3.9	-12.5	2.5	2.0	-14.3	9.2	0.0
Cash flow from financing	EUR mn	5.2	-13.8	7.6	-15.4	8.8	-4.6	-3.7	-14.6	-1.2	-19.2	3.1	-3.3
Net change in cash and cash equivalents	EUR mn	15.5	-2.9	14.7	-6.3	10.7	-9.7	-1.4	11.8	27.2	-7.1	14.2	-3.6
Impact FX	EUR mn	-0.1	0.4	-4.2	0.2	-1.0	-1.3	0.1	-2.0	0.8	6.7	5.0	-13.2
Change in cash and equivalents	EUR mn	15.4	-2.4	10.4	-6.1	9.7	-11.0	-1.3	9.8	28.0	-0.4	19.2	-16.8
Liquid funds as of beginning of the year	EUR mn	14.3	29.7	27.2	37.7	31.6	41.3	30.3	29.0	38.8	66.8	66.4	85.6
Change in cash	EUR mn	15.4	-2.4	10.4	-6.1	9.7	-11.0	-1.3	9.8	28.0	-0.4	19.2	-16.8
Liquid funds at the end of the year	EUR mn	29.7	27.2	37.7	31.6	41.3	30.3	29.0	38.8	66.8	66.4	85.6	68.8

Source: Company data, Baader Helvea Equity Research

Nabaltec

CONSOLIDATED BALANCE SHEET

		2013	2014	2015	2016	2017	2018	2019	2020	2021E	2022E	2023E	2024E
ASSETS													
Intangible assets	EUR mn	0.2	0.4	0.5	0.5	0.5	0.5	0.5	0.5	0.4	0.3	0.3	0.3
Fixed assets	EUR mn	111.8	112.0	116.6	125.3	131.7	148.4	155.6	123.9	119.9	130.8	140.1	149.5
Total fixed assets	EUR mn	112.0	112.4	117.1	125.9	132.2	149.0	156.1	124.5	120.4	131.2	140.5	149.8
Deferred tax assets	EUR mn	0.3	0.1	0.0	1.1	0.7	0.0	2.7	3.7	2.1	2.1	2.1	2.1
Non-current assets	EUR mn	0.3	0.1	0.0	1.1	0.7	0.0	2.7	4.1	3.0	2.1	2.1	2.1
Inventories	EUR mn	26.2	27.5	30.8	30.9	33.0	34.6	40.5	32.9	33.9	43.3	39.8	40.2
Trade receivables	EUR mn	4.3	4.6	5.2	3.1	4.1	4.5	5.6	5.1	5.5	5.6	5.1	5.2
Tax receivables	EUR mn	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other short term assets	EUR mn	3.7	7.0	6.5	5.5	5.5	7.5	5.7	5.7	5.7	5.7	5.7	5.7
Cash and equivalents	EUR mn	29.7	27.2	37.7	36.2	45.9	30.3	29.0	26.4	52.2	66.4	85.6	68.8
Current assets	EUR mn	63.9	66.3	80.2	75.7	88.5	76.9	80.8	70.1	97.3	121.0	136.2	119.9
Total long and short term assets	EUR mn	176.3	178.8	197.3	202.7	221.4	225.9	240.4	198.6	220.7	254.3	278.8	271.8
EQUITY & LIABILITIES													
Subscribed capital	EUR mn	8.0	8.0	8.0	8.0	8.8	8.8	8.8	8.8	8.8	8.8	8.8	8.8
Capital reserve	EUR mn	29.8	29.8	29.8	29.8	47.0	47.0	47.0	47.0	47.0	47.0	47.0	47.0
Retained earnings	EUR mn	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7	9.7
Other comprehensive income	EUR mn	1.0	-0.3	3.3	4.4	7.6	20.0	22.7	31.0	14.7	31.0	55.1	67.5
Group net profit	EUR mn	2.6	5.5	2.1	5.3	11.5	10.3	11.5	-19.7	16.3	24.2	12.3	16.6
Shareholder's equity	EUR mn	51.1	52.6	52.9	57.2	84.6	95.8	99.7	76.8	96.5	120.7	133.0	149.5
Minorities	EUR mn	-0.8	-0.2	0.6	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Equity	EUR mn	50.4	52.5	53.5	57.8	84.6	95.8	99.7	76.8	96.5	120.7	133.0	149.5
Pension provisions	EUR mn	18.9	25.3	28.0	38.1	36.8	36.1	46.4	44.5	43.3	42.5	40.1	40.4
Deferred long term tax liabilities	EUR mn	2.9	1.5	1.5	1.0	1.0	0.7	0.0	0.0	0.0	0.0	0.0	0.0
Long-term portion of financial indebtedness	EUR mn	70.6	61.4	71.3	71.3	70.4	70.4	39.0	59.0	0.0	0.0	0.0	0.0
Other liabilities	EUR mn	2.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Non-current liabilities	EUR mn	94.5	89.0	101.6	111.3	109.2	108.1	86.7	104.8	44.6	43.9	41.4	41.7
Trade accounts payable	EUR mn	8.7	9.9	12.3	14.5	15.6	12.6	13.4	11.6	10.7	15.5	14.3	14.4
Short term portion of financial indebtedness	EUR mn	9.9	10.0	12.2	1.2	1.4	0.0	31.9	0.5	59.3	59.3	59.3	59.3
Income tax payable	EUR mn	0.7	1.4	1.6	1.1	2.0	2.0	3.1	0.0	3.7	3.7	3.7	3.7
Other liabilities	EUR mn	11.9	15.9	15.9	16.6	8.4	7.1	5.3	4.4	5.5	10.8	26.6	2.7
Current liabilities	EUR mn	31.4	37.4	42.2	33.6	27.6	21.9	53.9	16.9	79.6	89.7	104.3	80.5
Total equity and liabilities	EUR mn	176.3	178.8	197.3	202.7	221.4	225.9	240.4	198.6	220.7	254.3	278.8	271.8

Source: Company data, Baader Helvea Equity Research

Baader Helvea Equity Research

COMPANY UPDATE

BAADER

Key data

Nabaltec

Germany

Chemicals

Reuters: NTGG.DE Bloomberg: NTG GY

Buy

Price on 25-Nov-22 EUR 24.60

Target price EUR 30.00

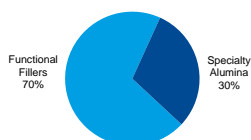
High/Low (12M) EUR 39.60/19.60

Market cap. EUR mn 216

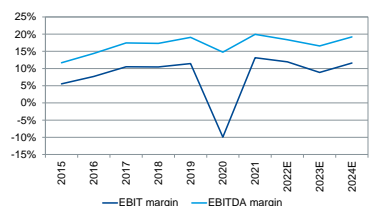
Company profile

Nabaltec is a leading supplier of aluminum hydroxide based functional fillers (mainly flame retardants) for the plastics industry and provides aluminum oxide based raw materials for the technical ceramics industries.

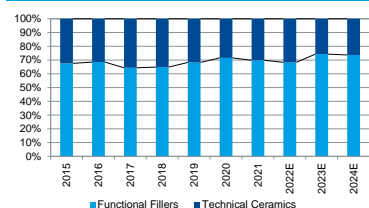
Divisions (2022)



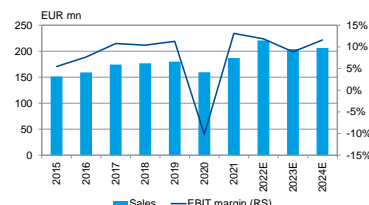
Margin evolution



Divisional sales evolution



Sales vs. EBIT margin



Source: Company data, Refinitiv, Baader Helvea Equity Research

Analyst: Markus Mayer
+49 89 5150 1818
markus.mayer@baaderbank.de

FY 31 Dec.	2019	2020	2021	2022E	2023E	2024E
Share data						
EPS reported (EUR)	1.31	-2.23	1.85	2.75	1.40	1.88
EPS adjusted (EUR)	1.31	-2.23	1.85	2.75	1.40	1.88
Dividend (EUR)	0.21	0.00	0.30	0.30	0.30	0.45
Book value (EUR)	11.34	8.73	10.97	13.71	15.11	16.99
Free cash flow (EUR)	0.27	3.01	3.22	1.38	1.25	-0.04
Avg. no. of shares (mn)	8.8	8.8	8.8	8.8	8.8	8.8
Market cap. (avg./current; EUR mn)	277.4	206.8	283.9	216.5	216.5	216.5
Enterprise value (EUR mn)	365.6	284.4	334.2	251.9	230.3	247.4
Valuation						
P/E adj. (x)	24.1	-	17.4	8.9	17.6	13.1
P/BV (x)	2.8	2.7	2.9	1.8	1.6	1.4
FCF/EV (%)	0.6	9.3	8.5	4.8	4.8	-0.1
FCF yield (%) (FCF/Mcap.)	0.8	12.8	10.0	5.6	5.1	-0.1
Dividend yield (%)	0.7	0.0	0.9	1.2	1.2	1.8
EV/Sales (x)	2.0	1.8	1.8	1.1	1.1	1.2
EV/EBITDA adj. (x)	10.7	12.1	9.0	6.2	6.8	6.2
EV/EBIT adj. (x)	17.8	-17.9	13.6	9.6	12.7	10.3
EV/CE (x)	1.9	1.9	2.2	1.5	1.3	1.4
ROCE/WACC adj. (x)	0.9	-1.5	1.4	1.7	0.8	1.2
Key company data						
Sales growth (%)	1.8	-11.3	17.2	18.0	-7.5	1.0
EBITDA adj. growth (%)	12.2	-31.3	58.3	8.7	-16.6	17.1
EBITDA adj. margin (%)	19.1	14.8	19.9	18.4	16.6	19.2
EBIT adj. margin (%)	11.4	-9.9	13.1	11.9	8.9	11.6
Net adj. margin (%)	6.4	-12.3	8.7	11.0	6.0	8.0
Free cash flow margin (%)	1.3	16.6	15.2	5.5	5.4	-0.2
Payout ratio (%)	16.1	0.0	16.2	10.9	21.4	23.9
Gearing (%) (net debt/equity)	42.0	43.1	7.3	-5.9	-19.8	-6.4
Net debt/EBITDA (x)	1.2	1.4	0.2	-0.2	-0.8	-0.2
Equity ratio (x) (equity/total assets)	41.5	38.7	43.7	47.5	47.7	55.0
Capital employed (EUR mn)	188.8	150.9	149.1	164.5	171.1	180.7
ROCE adj. (%)	7.1	-11.6	11.8	15.6	7.6	9.5
Income statement (EUR mn)						
Turnover	180.0	159.6	187.0	220.6	204.2	206.2
EBITDA	34.3	23.6	37.3	40.5	33.8	39.6
EBITDA adj.	34.3	23.6	37.3	40.5	33.8	39.6
EBIT	20.6	-15.9	24.6	26.3	18.1	23.9
EBIT adj.	20.6	-15.9	24.6	26.3	18.1	23.9
EBT	17.7	-17.8	22.8	24.8	17.1	23.0
Net profit after minorities	11.5	-19.7	16.3	24.2	12.3	16.6
Net profit adj.	11.5	-19.7	16.3	24.2	12.3	16.6
Balance sheet (EUR mn)						
Non-current assets	159	129	123	133	143	152
thereof goodwill	0	0	0	0	0	0
Current assets	81	70	97	121	136	120
Total assets	240	199	221	254	279	272
Shareholders' equity	100	77	96	121	133	150
Total equity and liabilities	240	199	221	254	279	272
Net debt	42	33	7	-7	-26	-10
Cash flow (EUR mn)						
Cash flow from operations	22.4	36.8	35.1	36.2	35.1	23.9
of which change in working capital	1.8	2.1	-3.5	-5.3	0.3	0.0
Cash flow from investments	-20.0	-10.3	-6.7	-24.1	-24.1	-24.2
of which investment in fixed assets	-19.9	-10.2	-6.7	-25.0	-25.0	-25.0
Free cash flow	2.3	26.4	28.4	12.1	11.0	-0.3
Dividends paid	-1.7	-1.8	0.0	-2.6	-2.6	-2.6
Cash flow from financing activities	-3.7	-14.6	-1.2	-19.2	3.1	-3.3
Change in cash position	-1.3	9.8	28.0	-0.4	19.2	-16.8

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Disclaimer

Important Notice and Disclosures pursuant to Art. 20 of the Regulation (EU) No 596/2014 of 16 April 2014 and the Commission Delegated Regulation (EU) 2016/958 of 9 March 2016 and pursuant to Art. 34, 36 and 37 of the Commission Delegated Regulation (EU) No 2017/565 of 25 April 2016**A. GENERAL STATEMENTS**

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This Research Document was completed at 08:16 AM (CET) on 26-11-2022.

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Applicable Key Factors

Company	Key
Nabaltec	4, 5

Key Factors Specified by Art. 5 and 6 of the Commission Delegated Regulation (EU) No. 2016/958 of 9 March 2016

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Company	Date	Rating	Currency	Target price	Closing price as of	Analyst
Nabaltec	18-Oct-22	Add	EUR	24.00	20.60	17-Oct-22 Markus Mayer
Nabaltec	24-May-22	Add	EUR	33.00	27.60	23-May-22 Markus Mayer
Nabaltec	02-Feb-22	Add	EUR	39.00	36.60	01-Feb-22 Markus Mayer

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Nabaltec**Rating categories:**

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Expected total return based on forecast dividend and 12-month price targets.

Rating	Upside/downside to the target price
Buy	>20%
Add	5%-20%
Reduce	-10% to 5%
Sell	<-10%

Research ratings key:

There are four possible ratings: **Buy, Add, Reduce or Sell.**

Examples of certain ratings:

Buy: A company that the analyst(s) named in this report deem(s) higher risk with a forecast dividend yield of 5% and price appreciation potential of 16%, generating a forecast total return of 21% over 12 months.

Reduce: A company with a forecast dividend yield of 7% and price appreciation potential of -5%, generating a forecast total return of +2% over 12 months.

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