

Chemicals

Nabaltec

Germany

4Q22E might be better than at other specialty chemicals as destocking of Nabaltec's products might be limited

■ **Why do we still expect 2023 earnings to drop by >10% 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 ~10mn higher costs in 2023E alone. Additionally, also the prices for Nabaltec's raw material alumina oxide and hydroxide went up ~25%, which could be further EUR 12mn higher costs. Since 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 5% yoy decline.

■ **Target price raised by EUR 1 per share to EUR 31:** As we are becoming less concerned on the potential demand drop in 2023E and see inflationary effects as less dramatic as we had assumed in our update of November, we increase our estimates again slightly for 2023E and 2024E, which had EUR 1 effect on our valuation models. As Nabaltec's valuation is attractive and its long-term story (driven by batteries for EVs and stricter fire- & flame-retardant regulations), we reiterate our Buy rating. Based on our 2023 estimates (4% to 20% below consensus), Nabaltec trades on multiples which are ~20% below the long-term historical average and therefore look attractive from the valuation side. As we see Nabaltec's long-term investment story fully intact, we reiterate our Buy rating.

	2020	2021	2022E	2023E	2024E
Gross sales (EUR mn)	159.6	187.0	220.6	209.7	212.0
EBITDA (EUR mn)	23.6	37.3	40.5	36.3	40.5
EBIT reported (EUR mn)	-15.9	24.6	26.3	20.6	24.8
EBIT adjusted (EUR mn)	-15.9	24.6	26.3	20.6	24.8
Net income (EUR mn)	-19.7	16.3	24.2	14.1	17.2
EPS reported (EUR)	-2.23	1.85	2.75	1.61	1.95
EPS adjusted (EUR)	-2.23	1.85	2.75	1.61	1.95
DPS (EUR)	0.00	0.30	0.30	0.30	0.45
Dividend yield (%)	0.0	0.9	1.1	1.1	1.7
P/E adjusted (x)	-	17.4	10.1	16.4	13.5
P/BV (x)	2.7	2.9	2.0	1.7	1.5
EV/Sales (x)	1.8	1.8	1.3	1.2	1.2
EV/EBITDA (x)	12.1	9.0	6.9	6.8	6.5
EV/EBIT (x)	-17.9	13.6	10.6	11.9	10.5
Net debt/EBITDA (x)	1.4	0.2	-0.2	-0.8	-0.3

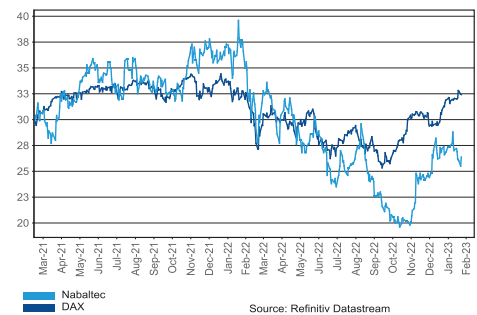
Source: Company data, Baader Helvea Equity Research

Buy (prev. Buy)

Closing price as of 07-Feb-23	EUR 26.40
High/Low (12M)	37.70/19.60
Target price (prev. EUR 30.00)	EUR 31.00
Upside to target price (%)	17.4
Expected dividend yield (%)	1.1
Total return potential (%)	18.5

Reuters/Bloomberg	NTGG.DE/NTG GY
Avg. daily turnover (EUR mn)	0.08
Free float (%)	45.0
Market cap. (EUR mn)	232
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	-2.9	30.7	4.3
rel. DAX	-7.8	17.5	-8.5
rel. STOXX Europe 600	-6.0	21.2	-0.8
rel. SXXP Chemicals	-5.6	25.8	-0.4

Changes in estimates

EUR mn	2022E Prev.	Delta (%)	2023E Prev.	Delta (%)
Gross sales	220.6	0.0	204.2	2.7
EBIT adj.	26.3	0.0	18.1	13.9
EPS adj. (EUR)	2.75	0.0	1.40	15.0
DPS (EUR)	0.30	0.0	0.30	0.0

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Baader Helvea Equity Research

SECTOR REPORT

BAADER

Key data

Nabaltec

Germany

Chemicals

Reuters: NTGG.DE Bloomberg: NTG GY

Buy

Price on 07-Feb-23 EUR 26.40

Target price EUR 31.00

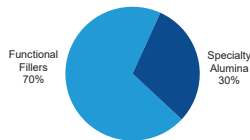
High/Low (12M) EUR 37.70/19.60

Market cap. EUR mn 232

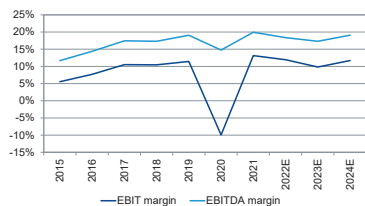
Company profile

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.

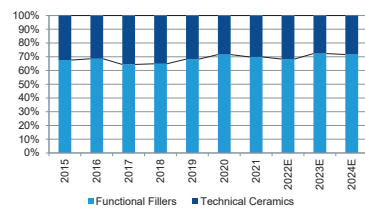
Divisions (2022)



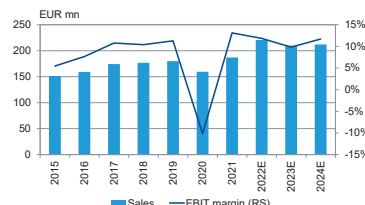
Margin evolution



Divisional sales evolution



Sales vs. EBIT margin



Source: Company data, Refinitiv, Baader Helvea Equity Research

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FY 31 Dec.	2019	2020	2021	2022E	2023E	2024E
Share data						
EPS reported (EUR)	1.31	-2.23	1.85	2.75	1.61	1.95
EPS adjusted (EUR)	1.31	-2.23	1.85	2.75	1.61	1.95
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	15.32	17.27
Free cash flow (EUR)	0.27	3.01	3.22	1.55	1.52	0.07
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	243.2	232.3	232.3
Enterprise value (EUR mn)	365.6	284.4	334.2	278.6	245.2	261.6
Valuation						
P/E adj. (x)	24.1	-	17.4	10.1	16.4	13.5
P/BV (x)	2.8	2.7	2.9	2.0	1.7	1.5
FCF/EV (%)	0.6	9.3	8.5	4.9	5.5	0.2
FCF yield (%) (FCF/Mcap.)	0.8	12.8	10.0	5.6	5.8	0.3
Dividend yield (%)	0.7	0.0	0.9	1.1	1.1	1.7
EV/Sales (x)	2.0	1.8	1.8	1.3	1.2	1.2
EV/EBITDA adj. (x)	10.7	12.1	9.0	6.9	6.8	6.5
EV/EBIT adj. (x)	17.8	-17.9	13.6	10.6	11.9	10.5
EV/CE (x)	1.9	1.9	2.2	1.7	1.4	1.4
ROCE/WACC adj. (x)	0.9	-1.5	1.4	1.7	1.0	1.2
Key company data						
Sales growth (%)	1.8	-11.3	17.2	18.0	-4.9	1.1
EBITDA adj. growth (%)	12.2	-31.3	58.3	8.7	-10.4	11.5
EBITDA adj. margin (%)	19.1	14.8	19.9	18.4	17.3	19.1
EBIT adj. margin (%)	11.4	-9.9	13.1	11.9	9.8	11.7
Net adj. margin (%)	6.4	-12.3	8.7	11.0	6.7	8.1
Free cash flow margin (%)	1.3	16.6	15.2	6.2	6.4	0.3
Payout ratio (%)	16.1	0.0	16.2	10.9	18.7	23.0
Gearing (%) (net debt/equity)	42.0	43.1	7.3	-7.2	-21.9	-8.8
Net debt/EBITDA (x)	1.2	1.4	0.2	-0.2	-0.8	-0.3
Equity ratio (x) (equity/total assets)	41.5	38.7	43.7	47.2	47.6	54.9
Capital employed (EUR mn)	188.8	150.9	149.1	164.5	171.9	181.6
ROCE adj. (%)	7.1	-11.6	11.8	15.6	8.6	9.8
Income statement (EUR mn)						
Turnover	180.0	159.6	187.0	220.6	209.7	212.0
EBITDA	34.3	23.6	37.3	40.5	36.3	40.5
EBITDA adj.	34.3	23.6	37.3	40.5	36.3	40.5
EBIT	20.6	-15.9	24.6	26.3	20.6	24.8
EBIT adj.	20.6	-15.9	24.6	26.3	20.6	24.8
EBT	17.7	-17.8	22.8	24.8	19.6	23.9
Net profit after minorities	11.5	-19.7	16.3	24.2	14.1	17.2
Net profit adj.	11.5	-19.7	16.3	24.2	14.1	17.2
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	123	141	125
Total assets	240	199	221	256	283	277
Shareholders' equity	100	77	96	121	135	152
Total equity and liabilities	240	199	221	256	283	277
Net debt	42	33	7	-9	-30	-13
Cash flow (EUR mn)						
Cash flow from operations	22.4	36.8	35.1	37.7	37.5	24.8
of which change in working capital	1.8	2.1	-3.5	-3.8	0.1	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	13.7	13.4	0.6
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	-17.6	3.8	-3.2
Change in cash position	-1.3	9.8	28.0	1.2	20.8	-16.1