

4 August 2023

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18 - 21 September 2023, Munich**Nabaltec**

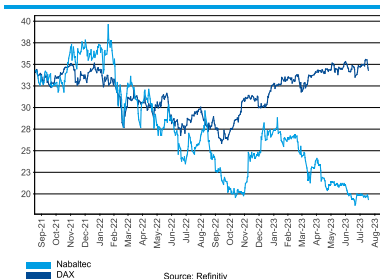
Germany

Chemicals

Reuters: NTGG.DE Bloomberg: NTG GY

Buy

Closing price as of 03-Aug-23	EUR 19.35
Target price	EUR 31.00
High/Low (12M)	EUR 29.60/18.70
Market cap.	EUR mn 170
Enterprise value	EUR mn 180
Free float	45.0%
Avg. daily turnover	EUR mn 0.05

Price relative to Index

Performance (%)	1M	3M	6M
Absolute	-0.3	-10.4	-25.6
rel. DAX	0.9	-10.9	-28.3
rel. STOXX Europe 600	0.4	-9.4	-25.0
rel. SXXP Chemicals	-0.9	-8.1	-23.2

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Profit warning implies around 25% FY23 EBIT downward revision need**Our conclusion**

- After a long list of chemical companies which have warned recently and Nabaltec's recent share price performance, Nabaltec's warning might have been included in its market valuation. We will adjust our estimates when the final 2Q23 numbers are reported (due 24 August).

Facts & Analysis

- Weaker than expected 2Q23 and no recovery hope for 3Q23:** According to preliminary figures, Nabaltec's 2Q23 revenues declined significantly by 12.2% to EUR 49.1mn (versus our forecasts of 56.4mn). 2Q23 EBIT margin decreased from 14.8% of 2Q22 to 6.7% in 2Q23 (we forecasted 9.5%). According to Nabaltec, a generally very weak demand as well as continued destocking by customers was evident across both product segments. Contrary to previous expectations, the company does not see a recovery in 3Q23 either.
- FY23E guidance cut implies ~25% downward revision need from the new midpoint of the guidance:** Against this backdrop, Nabaltec is adjusting its forecast for the full year 2023 and now expects a year-on-year **revenue decline** in a range of **4% to 6%**. Previously, revenue growth was forecast in the range of 3% to 5%. On the earnings side, the company expects an **EBIT margin in a range of 6% to 8%** for 2023 (prev.: 8% to 10%).

2022 reported numbers vs new FY23 guidance versus our forecasts

EUR mn	2022 reported	2023E Guidance	Baader
Sales	218.8	4-5% sales decline or 208 to 210mn (prev. 3-5% or EUR 225 to EUR 230mn)	217.9
EBITDA	42.40	n.a.	36.1
EBIT	29.2	implied EUR 13 to 17 (pre. Implied 18 to 23mn)	20.3
EBIT margin	13.3%	6-8% (prev. 8-10%)	9.3%
DPS (EUR)	0.28	n.a.	0.30

Source: Company data, Baader Helvea Equity Research

Key financials

EUR mn	2022	2023E	2024E	2025E	CAGR (%)
Gross sales	218.8	217.9	225.6	238.0	2.8
EBIT adj.	29.2	20.3	26.2	28.0	-1.4
EPS adj. (EUR)	3.00	1.58	2.07	2.22	-9.5

Source: Company data, Baader Helvea Equity Research

Valuation ratios

x	2022	2023E	2024E	2025E
EV/Sales	1.3	0.8	0.8	0.7
EV/EBIT adj.	9.4	8.8	6.5	5.8
P/E adj.	9.2	12.2	9.3	8.7

Nabaltec

Key data

FY 31 Dec.	2020	2021	2022	2023E	2024E	2025E
Share data						
EPS reported (EUR)	-2.23	1.85	3.00	1.58	2.07	2.22
EPS adjusted (EUR)	-2.23	1.85	3.00	1.58	2.07	2.22
Dividend (EUR)	0.00	0.25	0.30	0.30	0.33	0.36
Book value (EUR)	8.73	10.97	15.17	16.75	18.81	21.04
Free cash flow (EUR)	1.60	3.00	0.76	2.26	1.63	1.49
Avg. no. of shares (mn)	8.8	8.8	8.8	8.8	8.8	8.8
Market cap. (avg./current; EUR mn)	206.8	283.9	243.2	170.3	170.3	170.3
Enterprise value (EUR mn)	284.4	334.2	274.4	179.7	169.4	161.1
Valuation						
P/E adj. (x)	-	17.4	9.2	12.2	9.3	8.7
P/BV (x)	2.7	2.9	1.8	1.2	1.0	0.9
FCF/EV (%)	4.9	7.9	2.4	11.1	8.5	8.1
FCF yield (%) (FCF/Mcap.)	6.8	9.3	2.8	11.7	8.4	7.7
Dividend yield (%)	0.0	0.8	1.1	1.6	1.7	1.9
EV/Sales (x)	1.8	1.8	1.3	0.8	0.8	0.7
EV/EBITDA adj. (x)	12.1	9.0	6.5	5.0	4.0	3.7
EV/EBIT adj. (x)	-17.9	13.6	9.4	8.8	6.5	5.8
EV/CE (x)	1.9	2.2	1.8	1.1	1.0	0.9
ROCE/WACC adj. (x)	-1.5	1.4	2.0	1.0	1.2	1.2
Key company data						
Sales growth (%)	-11.3	17.2	17.0	-0.4	3.5	5.5
EBITDA adj. growth (%)	-31.3	58.3	13.9	-15.1	16.2	4.3
EBITDA adj. margin (%)	14.8	19.9	19.4	16.6	18.6	18.4
EBIT adj. margin (%)	-9.9	13.1	13.3	9.3	11.6	11.8
Net adj. margin (%)	-12.3	8.7	12.1	6.4	8.1	8.2
Free cash flow margin (%)	8.8	14.1	3.1	9.1	6.4	5.5
Payout ratio (%)	0.0	13.5	10.0	19.0	16.0	16.2
Gearing (%) (net debt/equity)	43.1	7.3	2.4	-12.3	-17.6	-20.8
Net debt/EBITDA (x)	1.4	0.2	0.1	-0.5	-0.7	-0.9
Equity ratio (x) (equity/total assets)	38.7	43.7	47.5	51.0	53.2	55.6
Capital employed (EUR mn)	150.9	149.1	156.5	158.4	169.0	180.2
ROCE adj. (%)	-11.6	11.8	17.9	9.2	11.2	11.2
Income statement (EUR mn)						
Turnover	159.6	187.0	218.8	217.9	225.6	238.0
EBITDA	23.6	37.3	42.5	36.1	41.9	43.7
EBITDA adj.	23.6	37.3	42.5	36.1	41.9	43.7
EBIT	-15.9	24.6	29.2	20.3	26.2	28.0
EBIT adj.	-15.9	24.6	29.2	20.3	26.2	28.0
EBT	-17.8	22.8	27.5	19.3	25.2	27.2
Net profit after minorities	-19.7	16.3	26.4	13.9	18.2	19.6
Net profit adj.	-19.7	16.3	26.4	13.9	18.2	19.6
Balance sheet (EUR mn)						
Non-current assets	129	123	135	127	136	145
thereof goodwill	0	0	0	0	0	0
Current assets	70	97	146	162	175	187
Total assets	199	221	281	289	311	333
Shareholders' equity	77	96	133	147	166	185
Total equity and liabilities	199	221	281	289	311	333
Net debt	33	7	3	-18	-29	-39
Cash flow (EUR mn)						
Cash flow from operations	24.4	33.2	32.4	41.1	39.5	38.2
of which change in working capital	2.1	-3.5	-23.7	4.0	-0.5	-0.8
Cash flow from investments	-10.3	-6.7	-25.7	-21.1	-25.2	-25.1
of which investment in fixed assets	-10.2	-6.7	-10.5	-22.0	-25.0	-25.0
Free cash flow	14.0	26.4	6.7	19.9	14.3	13.1
Dividends paid	-1.8	0.0	-2.2	-2.5	-2.6	-4.0
Cash flow from financing activities	-14.6	-1.4	28.0	5.9	-3.4	-3.7
Change in cash position	-2.6	25.9	35.3	21.4	11.0	9.4

Source: Company data, Baader Helvea Equity Research

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Company	Date	Rating	Currency	Target price	Closing price as of	Analyst
Nabaltec	08-Feb-23	Buy	EUR	31.00	26.40	07-Feb-23 Markus Mayer
Nabaltec	28-Nov-22	Buy	EUR	30.00	24.60	25-Nov-22 Markus Mayer
Nabaltec	18-Oct-22	Add	EUR	24.00	20.60	17-Oct-22 Markus Mayer

Nabaltec

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