

# Baader Helvea Equity Research

## COMPANY FLASH

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21 November 2024

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## Nabaltec

Germany

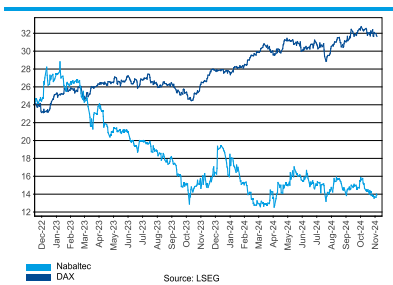
### Chemicals

Reuters: NTGG.DE Bloomberg: NTG GY

### Buy

Closing price as of 20-Nov-24	EUR 13.90
<b>Target price</b>	<b>EUR 20.00</b>
High/Low (12M)	EUR 19.40/12.55
Market cap.	EUR mn 122
Enterprise value	EUR mn 127
Free float	45.0%
Avg. daily turnover	EUR mn 0.07

### Price relative to Index



Performance (%)	1M	3M	6M
Absolute	-10.9	-5.4	-9.4
rel. DAX	-7.6	-9.0	-10.7
rel. STOXX Europe 600	-6.2	-3.1	-5.0
rel. SXXP Chemicals	-1.7	-1.6	-0.8

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## Surprisingly good 3Q, driven by good VOH momentum & datacenter growth

### Our conclusion

- 3Q24 results:** While topline is absolutely in-line with our expectations, Group EBITDA came in 19.2% ahead of our expectations. This was driven by a significantly more positive Functional Fillers margin, while (smaller) Specialty Alumina margin was notably below 1H24 levels. Regarding the unexpectedly strong FF margin, Nabaltec points to **higher demand for VOH** that has offset the weaker Boehmite business, as well as lower raw material and energy cost. The CEO indicates that they expect the VOH business to grow sustainably even though boehmite business remains tough as Nabaltec is a first mover in supplying VOH to the respective adhesive manufacturers, which are then supplying the global battery cell manufacturers. In contrast to this, boehmite faces more competition and Nabaltec would prefer to supply European or North American coating film manufacturers, many of which have delayed or terminated their announced capacity expansions over 2024E as EV adoption slows.
- Looking into the 4Q,** NTG expects continued high demand and capacity utilization for the US hydroxides business, supported by overall good momentum from the German hydroxides business in light of the **strong datacenter expansion**. In contrast to this, Specialty Alumina might face another yoy decline due to a larger plant turnaround. In sum, **we are raising our FY24E & 25E EBITDA by 8%**, but **reiterate our TP** for the moment as we and the market would like to get more **visibility on the consistency** of the battery-related business over the next months and quarters. We confirm our long-term investment case and Nabaltec as an attractively valued small cap company in Germany.

### Facts & Analysis

#### Our segment estimates

		1Q24	2Q24	3Q24	3Q24E	Dev	9M24	4Q24E	2024E	2025E
		Actual	Actual	Actual	Baader	(%)	Actual	Baader	Baader	Baader
<b>Functional Fillers</b>										
Sales	EUR mn	38.7	39.5	35.9	35.0	2.5	114.1	32.1	146.2	151.5
yoy	(%)	-3.5	15.7	0.7	-1.8	240bps	3.8	-1.1	2.7	3.7
EBITDA	EUR mn	6.7	7.5	7.9	6.1	29.2	22.1	5.8	27.9	28.9
Margin	(%)	17.4	18.9	22.1	17.5	460bps	19.4	18.1	19.1	19.1
EBIT	EUR mn	4.5	5.2	5.8	3.7	56.5	15.4	2.7	18.1	17.4
Margin	(%)	11.6	13.1	16.1	10.5	560bps	13.5	8.4	12.4	11.5
<b>Specialty Alumina</b>										
Sales	EUR mn	15.4	14.8	13.9	14.5	-4.0	44.1	11.1	55.2	57.8
yoy	(%)	-9.4	-0.6	-1.4	2.7	-410bps	-4.1	-6.0	-4.5	4.6
EBITDA	EUR mn	1.3	1.4	1.0	1.3	-26.9	3.7	0.5	4.2	4.6
Margin	(%)	8.6	9.7	7.0	9.2	-220bps	8.5	4.1	7.6	8.0
EBIT	EUR mn	0.5	0.7	0.2	0.6	-66.2	1.4	-0.2	1.2	1.5
Margin	(%)	3.5	4.4	1.5	4.1	-270bps	3.1	-1.5	2.2	2.6
<b>Group</b>										
Sales	EUR mn	54.0	54.3	49.8	49.5	0.6	158.2	43.2	201.4	209.3
yoy	(%)	-5.2	10.7	0.1	-0.5	60bps	1.5	-2.4	0.6	3.9
EBITDA	EUR mn	8.0	8.9	8.9	7.5	19.2	25.8	6.3	32.1	33.6
Margin	(%)	14.9	16.4	17.9	15.1	280bps	16.3	14.5	15.9	16.0
EBIT	EUR mn	5.0	5.8	6.0	4.3	39.4	16.8	2.5	19.4	18.9
Margin	(%)	9.3	10.7	12.0	8.7	330bps	10.6	5.8	9.6	9.0

Source: Company data, Baader Helvea Equity Research

### Key financials

EUR mn	2023	2024E	2025E	2026E	CAGR (%)
Gross sales	200.1	201.4	209.3	221.0	3.4
EBIT adj.	18.3	19.4	18.9	20.8	4.3
EPS adj. (EUR)	1.30	1.54	1.50	1.66	8.5

Source: Company data, Baader Helvea Equity Research

### Valuation ratios

x	2023	2024E	2025E	2026E
EV/Sales	0.9	0.6	0.6	0.5
EV/EBIT adj.	10.1	6.5	6.9	5.8
P/E adj.	15.7	9.0	9.3	8.4

## Nabaltec

## Key data

FY 31 Dec.	2021	2022	2023	2024E	2025E	2026E
<b>Share data</b>						
EPS reported (EUR)	1.85	3.00	1.30	1.54	1.50	1.66
<b>EPS adjusted (EUR)</b>	<b>1.85</b>	<b>3.00</b>	<b>1.30</b>	<b>1.54</b>	<b>1.50</b>	<b>1.66</b>
Dividend (EUR)	0.25	0.28	0.28	0.28	0.33	0.38
Book value (EUR)	10.97	15.17	16.11	17.37	18.59	19.92
Free cash flow (EUR)	3.00	0.76	0.28	0.38	-0.12	1.46
Avg. no. of shares (mn)	8.8	8.8	8.8	8.8	8.8	8.8
Market cap. (avg./current; EUR mn)	283.9	243.2	180.0	122.3	122.3	122.3
Enterprise value (EUR mn)	290.9	246.4	185.0	126.6	130.3	120.6
<b>Valuation</b>						
<b>P/E adj. (x)</b>	<b>17.4</b>	<b>9.2</b>	<b>15.7</b>	<b>9.0</b>	<b>9.3</b>	<b>8.4</b>
P/BV (x)	2.9	1.8	1.3	0.8	0.7	0.7
FCF/EV (%)	9.1	2.7	1.3	2.7	-0.8	10.7
FCF yield (%) (FCF/Mcap.)	9.3	2.8	1.4	2.8	-0.9	10.5
Dividend yield (%)	0.8	1.0	1.4	2.0	2.4	2.7
EV/Sales (x)	1.6	1.1	0.9	0.6	0.6	0.5
EV/EBITDA adj. (x)	7.8	5.8	6.0	3.9	3.9	3.3
EV/EBIT adj. (x)	11.9	8.4	10.1	6.5	6.9	5.8
EV/CE (x)	2.0	1.6	1.1	0.7	0.7	0.6
ROCE/WACC adj. (x)	1.8	2.0	1.2	1.2	1.1	1.2
<b>Key company data</b>						
<b>Sales growth (%)</b>	<b>17.2</b>	<b>17.0</b>	<b>-8.5</b>	<b>0.6</b>	<b>3.9</b>	<b>5.6</b>
EBITDA adj. growth (%)	58.3	13.6	-26.8	3.6	4.5	9.2
EBITDA adj. margin (%)	19.9	19.4	15.5	15.9	16.0	16.6
<b>EBIT adj. margin (%)</b>	<b>13.1</b>	<b>13.3</b>	<b>9.2</b>	<b>9.6</b>	<b>9.0</b>	<b>9.4</b>
Net adj. margin (%)	8.7	12.1	5.7	6.7	6.3	6.6
Free cash flow margin (%)	14.1	3.1	1.2	1.7	-0.5	5.8
Payout ratio (%)	13.5	9.3	21.6	18.2	22.0	22.9
Gearing (%) (net debt/equity)	7.3	2.4	3.5	2.8	4.9	-1.0
Net debt/EBITDA (x)	0.2	0.1	0.2	0.1	0.2	0.0
Equity ratio (x) (equity/total assets)	43.7	47.5	50.5	51.8	54.1	55.6
Capital employed (EUR mn)	149.1	156.5	162.3	173.2	187.7	189.6
ROCE adj. (%)	11.5	13.0	7.9	7.8	7.0	7.7
<b>Income statement (EUR mn)</b>						
<b>Turnover</b>	<b>187.0</b>	<b>218.8</b>	<b>200.1</b>	<b>201.4</b>	<b>209.3</b>	<b>221.0</b>
EBITDA	37.3	42.4	31.0	32.1	33.6	36.6
EBITDA adj.	37.3	42.4	31.0	32.1	33.6	36.6
EBIT	24.6	29.2	18.3	19.4	18.9	20.8
EBIT adj.	24.6	29.2	18.3	19.4	18.9	20.8
EBT	22.8	27.5	16.1	19.1	18.7	20.6
Net profit after minorities	16.3	26.4	11.4	13.5	13.2	14.6
Net profit adj.	16.3	26.4	11.4	13.5	13.2	14.6
<b>Balance sheet (EUR mn)</b>						
<b>Non-current assets</b>	<b>123</b>	<b>135</b>	<b>121</b>	<b>138</b>	<b>148</b>	<b>147</b>
thereof goodwill	0	0	0	0	0	0
Current assets	98	146	160	157	154	168
<b>Total assets</b>	<b>221</b>	<b>281</b>	<b>281</b>	<b>295</b>	<b>303</b>	<b>315</b>
Shareholders' equity	96	133	142	153	164	175
<b>Total equity and liabilities</b>	<b>221</b>	<b>281</b>	<b>281</b>	<b>295</b>	<b>303</b>	<b>315</b>
Net debt	7	3	5	4	8	-2
<b>Cash flow (EUR mn)</b>						
<b>2021</b>	<b>2022</b>	<b>2023</b>	<b>2024E</b>	<b>2025E</b>	<b>2026E</b>	
Cash flow from operations	33.2	32.4	16.5	33.4	23.9	27.9
of which change in working capital	-1.4	-7.0	-8.5	6.9	-4.1	-2.7
Cash flow from investments	-6.7	-25.7	-14.0	-30.0	-25.0	-15.0
of which investment in fixed assets	-6.7	-10.8	-14.0	-30.0	-25.0	-15.0
<b>Free cash flow</b>	<b>26.4</b>	<b>6.7</b>	<b>2.5</b>	<b>3.4</b>	<b>-1.1</b>	<b>12.9</b>
Dividends paid	0.0	-2.2	-2.5	-2.5	-2.5	-2.9
Cash flow from financing activities	-1.4	28.0	-3.4	-2.7	-2.7	-3.1
<b>Change in cash position</b>	<b>25.0</b>	<b>34.7</b>	<b>-1.0</b>	<b>0.7</b>	<b>-3.7</b>	<b>9.8</b>

Source: Company data, Baader Helvea Equity Research

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Company	Date	Rating	Currency	Target price	Closing price as of	Analyst
Nabaltec	14-May-24	Buy	EUR	20.00	15.20 13-May-24	Konstantin Wiechert

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