

16 October 2023

Nabaltec

Germany

Chemicals

Reuters: NTGG.DE Bloomberg: NTG GY

Buy

| | |
|-------------------------------|------------------|
| Closing price as of 13-Oct-23 | EUR 14.90 |
| Target price | EUR 31.00 |
| High/Low (12M) | EUR 28.80/14.80 |
| Market cap. | EUR mn 131 |
| Enterprise value | EUR mn 136 |
| Free float | 45.0% |
| Avg. daily turnover | EUR mn 0.04 |

Price relative to Index

| Performance (%) | 1M | 3M | 6M |
|-----------------------|-------|-------|-------|
| Absolute | -17.2 | -25.1 | -36.3 |
| rel. DAX | -14.2 | -19.2 | -32.9 |
| rel. STOXX Europe 600 | -16.2 | -22.5 | -33.1 |
| rel. SXXP Chemicals | -14.3 | -20.4 | -29.8 |

Analyst:**Konstantin Wiechert**

+41 43 388 9213

kwiechert@helvea.com

3Q23 preview: 3Q23 will come in-line with 2Q23 and therefore the with 2Q23 changed FY23 guidance should be achieved**Our conclusion**

- In-line with other cyclical small cap stocks, Nabaltec's share price underperformed the market the last 6 months and also ytd. With Nabaltec's profit warning in August 2023, the underperformance even has accelerated until the beginning of October. In our view, Nabaltec's 3Q23 reporting on 23 November might not anymore weigh on Nabaltec's share price as **1)** the destocking at Nabaltec's customers is running out, therefore **2)** 3Q23 numbers should be in-line with 2Q23 (i.e. no further deterioration) and therefore **3)** Nabaltec's FY23 guidance should be reached.
- For investors with a mid to long-term view, we think Nabaltec's current valuation is despite a far healthier balance sheet than in the financial crisis with 3x EV/EBITDA and 0.7x P/BV cheap and its investment story is unbroken and highly attractive (stricter fire regulations; shift towards non-halogenated flame retardants; upside from battery plants in EU and the EV trend in the automotive industry in general). Consequently, we reiterate our Buy rating.

Facts & Analysis

- 3Q23 numbers due 23 November:** In our view, Nabaltec will report a sequential flat earnings development (yoy down heavily due to high yoy base and current weak demand). As one of Nabaltec's competitors in the Specialty Alumina area seems to have started restructuring (see https://www.rheinpfalz.de/lokal/ludwigshafen_artikel-arbeitsplatzabbau-bei-almatis-verhandlungen-mit-betriebsrat-laufen-arid_5556431.html for more information), we can also imagine Nabaltec to install cost cutting measures.

Expectations for 3Q23E

| EUR mn | Baader 3Q23E | 2Q23 | qoq (%) | 3Q22 | yoy (%) |
|-------------------------------|--------------|------|---------|------|---------|
| Key divisional numbers | | | | | |
| Functional Fillers | | | | | |
| Sales | 33.8 | 34.2 | -1.0 | 37.9 | -10.9 |
| EBIT | 2.9 | 2.9 | -1.3 | 5.8 | -50.6 |
| Specialty Alumina | | | | | |
| Sales | 14.7 | 14.9 | -1.0 | 18.5 | -20.4 |
| EBIT | 1.6 | 0.4 | 303.5 | 2.2 | -25.7 |
| Key P&L numbers | | | | | |
| Sales | 48.6 | 49.6 | -2.1 | 55.5 | -12.5 |
| EBITDA | 9.2 | 6.5 | 40.8 | 11.3 | -18.7 |
| D&A | 4.7 | 3.2 | 46.1 | 3.3 | 42.5 |
| EBIT | 4.5 | 3.3 | 35.7 | 8.0 | -43.8 |
| EBIT margin (%) | 9.3 | 6.7 | n.m. | 14.4 | 14.4 |
| Net income | 3.5 | 2.4 | 43.8 | 12.1 | -71.5 |

Source: Company data, Baader Helvea Equity Research

Expectations for 2023E & 2024E

| EUR mn | 2022 Reported | 2023E Company guidance | 2023E Baader | 2024E Baader |
|-----------------|---------------|--|--------------|--------------|
| Sales | 218.8 | 4-6% sales decline or EUR 206mn to EUR 210mn | 206.5 | 210.5 |
| EBITDA | 42.5 | n.a. | 30.9 | 36.7 |
| EBIT | 29.2 | implied EUR 12mn to EUR 17mn | 15.1 | 21.0 |
| EBIT margin (%) | 13.3 | 6-8 | 7.3 | 10.0 |
| DPS (EUR) | 0.30 | n.a. | 0.20 | 0.23 |

Source: Company data, Baader Helvea Equity Research

Key financials

| EUR mn | 2022 | 2023E | 2024E | 2025E | CAGR (%) |
|----------------|-------|-------|-------|-------|----------|
| Gross sales | 218.8 | 206.5 | 210.5 | 222.5 | 0.6 |
| EBIT adj. | 29.2 | 15.1 | 21.0 | 25.2 | -4.8 |
| EPS adj. (EUR) | 3.00 | 1.14 | 1.61 | 1.98 | -12.9 |

Source: Company data, Baader Helvea Equity Research

Valuation ratios

| x | 2022 | 2023E | 2024E | 2025E |
|--------------|------|-------|-------|-------|
| EV/Sales | 1.3 | 0.7 | 0.6 | 0.5 |
| EV/EBIT adj. | 9.4 | 9.0 | 6.0 | 4.8 |
| P/E adj. | 9.2 | 13.1 | 9.3 | 7.5 |

Nabaltec

Key data

| FY 31 Dec. | 2020 | 2021 | 2022 | 2023E | 2024E | 2025E |
|--|--------------|--------------|--------------|--------------|--------------|--------------|
| Share data | | | | | | |
| EPS reported (EUR) | -2.23 | 1.85 | 3.00 | 1.14 | 1.61 | 1.98 |
| EPS adjusted (EUR) | -2.23 | 1.85 | 3.00 | 1.14 | 1.61 | 1.98 |
| Dividend (EUR) | 0.00 | 0.25 | 0.30 | 0.20 | 0.23 | 0.26 |
| Book value (EUR) | 8.73 | 10.97 | 15.17 | 16.31 | 17.92 | 19.91 |
| Free cash flow (EUR) | 1.60 | 3.00 | 0.76 | 2.55 | 1.63 | 1.18 |
| 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 | 131.1 | 131.1 | 131.1 |
| Enterprise value (EUR mn) | 284.4 | 334.2 | 274.4 | 135.7 | 125.9 | 120.8 |
| Valuation | | | | | | |
| P/E adj. (x) | - | 17.4 | 9.2 | 13.1 | 9.3 | 7.5 |
| P/BV (x) | 2.7 | 2.9 | 1.8 | 0.9 | 0.8 | 0.7 |
| FCF/EV (%) | 4.9 | 7.9 | 2.4 | 16.5 | 11.4 | 8.6 |
| FCF yield (%) (FCF/Mcap.) | 6.8 | 9.3 | 2.8 | 17.1 | 11.0 | 7.9 |
| Dividend yield (%) | 0.0 | 0.8 | 1.1 | 1.3 | 1.5 | 1.7 |
| EV/Sales (x) | 1.8 | 1.8 | 1.3 | 0.7 | 0.6 | 0.5 |
| EV/EBITDA adj. (x) | 12.1 | 9.0 | 6.5 | 4.4 | 3.4 | 3.0 |
| EV/EBIT adj. (x) | -17.9 | 13.6 | 9.4 | 9.0 | 6.0 | 4.8 |
| EV/CE (x) | 1.9 | 2.2 | 1.8 | 0.9 | 0.8 | 0.7 |
| ROCE/WACC adj. (x) | -1.5 | 1.4 | 2.0 | 0.8 | 1.1 | 1.2 |
| Key company data | | | | | | |
| Sales growth (%) | -11.3 | 17.2 | 17.0 | -5.6 | 1.9 | 5.7 |
| EBITDA adj. growth (%) | -31.3 | 58.3 | 13.9 | -27.3 | 19.0 | 11.5 |
| EBITDA adj. margin (%) | 14.8 | 19.9 | 19.4 | 14.9 | 17.5 | 18.4 |
| EBIT adj. margin (%) | -9.9 | 13.1 | 13.3 | 7.3 | 10.0 | 11.3 |
| Net adj. margin (%) | -12.3 | 8.7 | 12.1 | 4.9 | 6.7 | 7.8 |
| Free cash flow margin (%) | 8.8 | 14.1 | 3.1 | 10.9 | 6.8 | 4.7 |
| Payout ratio (%) | 0.0 | 13.5 | 10.0 | 17.5 | 14.2 | 13.1 |
| Gearing (%) (net debt/equity) | 43.1 | 7.3 | 2.4 | -15.3 | -20.4 | -21.8 |
| Net debt/EBITDA (x) | 1.4 | 0.2 | 0.1 | -0.7 | -0.9 | -0.9 |
| Equity ratio (x) (equity/total assets) | 38.7 | 43.7 | 47.5 | 50.6 | 52.4 | 54.7 |
| Capital employed (EUR mn) | 150.9 | 149.1 | 156.5 | 149.7 | 154.7 | 165.9 |
| ROCE adj. (%) | -11.6 | 11.8 | 17.9 | 7.4 | 9.9 | 11.1 |
| Income statement (EUR mn) | | | | | | |
| Turnover | 159.6 | 187.0 | 218.8 | 206.5 | 210.5 | 222.5 |
| EBITDA | 23.6 | 37.3 | 42.5 | 30.9 | 36.7 | 41.0 |
| EBITDA adj. | 23.6 | 37.3 | 42.5 | 30.9 | 36.7 | 41.0 |
| EBIT | -15.9 | 24.6 | 29.2 | 15.1 | 21.0 | 25.2 |
| EBIT adj. | -15.9 | 24.6 | 29.2 | 15.1 | 21.0 | 25.2 |
| EBT | -17.8 | 22.8 | 27.5 | 13.8 | 19.5 | 23.9 |
| Net profit after minorities | -19.7 | 16.3 | 26.4 | 10.1 | 14.2 | 17.4 |
| Net profit adj. | -19.7 | 16.3 | 26.4 | 10.1 | 14.2 | 17.4 |
| Balance sheet (EUR mn) | | | | | | |
| Non-current assets | 129 | 123 | 135 | 120 | 124 | 133 |
| thereof goodwill | 0 | 0 | 0 | 0 | 0 | 0 |
| Current assets | 70 | 97 | 146 | 164 | 175 | 184 |
| Total assets | 199 | 221 | 281 | 284 | 301 | 320 |
| Shareholders' equity | 77 | 96 | 133 | 144 | 158 | 175 |
| Total equity and liabilities | 199 | 221 | 281 | 284 | 301 | 320 |
| Net debt | 33 | 7 | 3 | -22 | -32 | -38 |
| Cash flow (EUR mn) | | | | | | |
| Cash flow from operations | 24.4 | 33.2 | 32.4 | 36.5 | 34.6 | 35.5 |
| of which change in working capital | 2.1 | -3.5 | -23.7 | 4.7 | -0.2 | -0.7 |
| Cash flow from investments | -10.3 | -6.7 | -25.7 | -14.1 | -20.2 | -25.1 |
| of which investment in fixed assets | -10.2 | -6.7 | -10.5 | -15.0 | -20.0 | -25.0 |
| Free cash flow | 14.0 | 26.4 | 6.7 | 22.4 | 14.4 | 10.4 |
| 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 | 7.3 | -4.3 | -4.2 |
| Change in cash position | -2.6 | 25.9 | 35.3 | 25.2 | 10.1 | 6.2 |

Source: Company data, Baader Helvea Equity Research

Nabaltec**Disclaimer****Baader Bank AG, Weihestephaner Strasse 4, 85716 Unterschleissheim, Germany****Baader Helvea AG, Freigutstrasse 12, 8002 Zurich, Switzerland****Baader Helvea Limited, 5 Royal Exchange Buildings, London EC3V 3NL, United Kingdom**

Baader Bank AG is the parent company of Baader Helvea AG and/or Baader Helvea Limited. Baader Bank AG, Baader Helvea AG and Baader Helvea Limited are collectively referred to as “**Baader Helvea Group Europe Companies**” below, and each of them is referred to separately as a “**Baader Helvea Group Europe Company**”. Baader Bank AG and its subsidiaries and affiliates, including Baader Helvea AG and Baader Helvea Limited, are collectively referred to below as the “**Group Companies**”.

The information set forth in this document has been diligently compiled by Baader Bank AG and is partially based on publicly available sources and data supplied by third parties (including data supplied by AlphaValue S.A., a cooperation partner of Baader Bank AG) believed to be reliable. Baader Bank AG does not warrant the accuracy or completeness of such information.

All estimates and opinions included herein represent the independent judgment of the analyst(s) named in the Research Document as of the date of publication of this Research Document.

This Research Document was completed at 04:46 PM (CEST) on 16-10-2023.

The relevant Baader Helvea Group Europe Company reserves the right to modify the views expressed herein at any time without notice and the right not to update this information and to discontinue coverage of the company that is the subject of this Research Document without notice. No representation or warranty, express or implied, is made as to the accuracy, completeness or fairness of the information and opinions contained in this document. Neither the Group Companies, any of their authorized representatives or employees nor any other person accepts any liability whatsoever for any loss arising from any use of this Research Document or its contents or otherwise arising in connection therewith.

Please note the information on the preparation of this document, the important notice, the advice regarding possible conflicts of interests, and the mandatory information required by 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 and other applicable rules under https://www.baaderbank.de/disclaimer_research.html.

Baader Bank AG is a stock corporation (*Aktiengesellschaft*) organized under the laws of the Federal Republic of Germany with its principal place of business in Unterschleissheim. It is registered with the District Court (*Amtsgericht*) in Munich under No. HRB 121537 and supervised by the German Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin*), Marie-Curie-Strasse 24-28, 60439 Frankfurt am Main and Graurheindorfer Strasse 108, 53117 Bonn. The value added tax identification number of Baader Bank AG is DE 114123893.

A list of all of our Research Documents on any financial instrument or issuer that were disseminated during the preceding 12-month period is available to our clients under https://www.baaderbank.de/disclaimer_research.html.

Research Documents with recommendation changes (rating or target price) published in the twelve months prior to the publication of this Research Document covering the same financial instruments or issuers.

| 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

Contacts

Volker Bosse, CEFA

Head of Research
+49 89 5150 1815
volker.bosse@baaderbank.de

Markus Mayer

Head of Capital Markets
+49 89 5150 1818
markus.mayer@baaderbank.de

EQUITY RESEARCH**Capital Goods**

| | | | |
|-----------------------------|----------------------|------------------|----------------------------------|
| Capital Goods (Switzerland) | Emrah Basic, CFA | +41 43 388 9250 | ebasic@helvea.com |
| Capital Goods (Switzerland) | Michael Roost | +41 43 388 9261 | mroost@helvea.com |
| Capital Goods | Christian Obst, CEFA | +49 89 5150 1805 | christian.obst@baaderbank.de |
| Capital Goods (Germany) | Peter Rothenaicher | +49 89 5150 1817 | peter.rothenaicher@baaderbank.de |

Chemicals

| | | |
|-----------------------|-----------------|----------------------|
| Konstantin Wiechert | +41 43 388 9213 | kwiechert@helvea.com |
| Andreas von Arx | +41 43 388 9257 | avonarx@helvea.com |
| Leonildo Delgado, PhD | +41 43 388 9226 | ldelgado@helvea.com |

Consumer

| | | | |
|--|--------------------|------------------|----------------------------|
| Consumer Durables / Food Retail / Non-Food Retail Food & Beverages | Volker Bosse, CEFA | +49 89 5150 1815 | volker.bosse@baaderbank.de |
| | Andreas von Arx | +41 43 388 9257 | avonarx@helvea.com |

Financial Services

| | | |
|-----------------------|------------------|-------------------------------|
| Gerhard Schwarz, CEFA | +49 89 5150 1812 | gerhard.schwarz@baaderbank.de |
| Andreas von Arx | +41 43 388 9257 | avonarx@helvea.com |

Metals & Mining

| | | |
|----------------------|------------------|------------------------------|
| Christian Obst, CEFA | +49 89 5150 1805 | christian.obst@baaderbank.de |
|----------------------|------------------|------------------------------|

Pharma

| | | |
|-----------------------|-----------------|----------------------|
| Leonildo Delgado, PhD | +41 43 388 9226 | ldelgado@helvea.com |
| Konstantin Wiechert | +41 43 388 9213 | kwiechert@helvea.com |

Real Estate

| | | |
|---|------------------|---------------------------|
| Andre Remke, CFA Co-Head Equity Research | +49 89 5150 1816 | andre.remke@baaderbank.de |
| Andreas von Arx | +41 43 388 9257 | avonarx@helvea.com |

Technology

| | | | |
|---|-------------------|------------------|---------------------------|
| Software / IT Services / Support Services | Knut Woller, CEFA | +49 89 5150 1807 | knut.woller@baaderbank.de |
|---|-------------------|------------------|---------------------------|

Transport

| | | |
|----------------------|------------------|------------------------------|
| Christian Obst, CEFA | +49 89 5150 1805 | christian.obst@baaderbank.de |
|----------------------|------------------|------------------------------|

Utilities

| | | |
|-----------------|------------------|-----------------------------|
| Andreas von Arx | +41 43 388 9257 | avonarx@helvea.com |
| Rene Rückert | +49 89 5150 1896 | rene.rueckert@baaderbank.de |

EQUITY STRATEGY

| | | |
|--|------------------|-------------------------------|
| Gerhard Schwarz, CEFA Head of Equity Strategy | +49 89 5150 1812 | gerhard.schwarz@baaderbank.de |
|--|------------------|-------------------------------|

EQUITY SALES

| | |
|-----------|------------------|
| Frankfurt | +49 69 1388 1357 |
| London | +44 20 7054 7100 |
| Munich | +49 89 5150 1850 |
| Zurich | +41 43 388 9200 |

For North American clients:

| | |
|----------|-----------------|
| New York | +1 212 935 5150 |
|----------|-----------------|

PUBLICATION ADDRESSES

Baader Bank AG
Equity Research
Weihenstephaner Strasse 4
85716 Unterschleissheim, Germany

T +49 89 5150 1810

DERIVATIVES SALES

| | |
|--------|------------------|
| Munich | +49 89 5150 1990 |
|--------|------------------|

Baader Helvea AG

Equity Research
Freigutstrasse 12
8002 Zurich, Switzerland

T +41 43 388 9250

EQUITY SALES TRADING

| | |
|-----------|------------------|
| Frankfurt | +49 69 1388 1355 |
| London | +44 20 7054 7100 |
| Munich | +49 89 5150 1870 |
| New York | +1 212 935 5150 |
| Zurich | +41 43 388 9200 |