

17 November 2022

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11 - 13 January 2023, Bad Ragaz**Nabaltec**

Germany

Chemicals

Reuters: NTGG.DE Bloomberg: NTG GY

AddClosing price as of
16-Nov-22 EUR 20.10**Target price EUR 24.00**

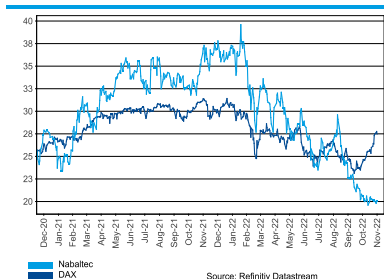
High/Low (12M) EUR 39.60/19.60

Market cap. EUR mn 177

Enterprise value EUR mn 221

Free float 45.0%

Avg. daily turnover EUR mn 0.06

Price relative to Index

Performance (%)	1M	3M	6M
Absolute	-3.4	-24.7	-28.2
rel. DAX	-17.8	-27.0	-30.1
rel. STOXX Europe 600	-13.3	-21.8	-27.4
rel. SXXP Chemicals	-15.9	-25.4	-26.8

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3Q22 preview: 3Q22 might have been strong, but weak economic outlook and destocking in 4Q22E could bring margins to the lower end of its guidance**Our conclusion**

- Nabaltec's 3Q22 numbers are due 24 November. Whereas we expect to still see yoy price effects and forex to drive revenues, the demand momentum should have been already weakened over 3Q22. As we expect severe destocking in 4Q22 (in particular at Specialty Alumina), 4Q22 margins might worsen significantly (partly triggered by inventory devaluation but also higher idle facility costs).

Facts & Analysis**Our expectations for 3Q22**

EUR mn	Baader 3Q22E	2Q22	qoq (%)	3Q21	yoy (%)
Key divisional numbers					
Functional Fillers					
Sales	38.7	38.5	0.6	32.1	20.5
EBIT	4.8	5.7	-15.7	4.5	6.5
Specialty Alumina					
Sales	17.8	17.4	2.2	14.5	22.5
EBIT	1.2	2.8	-59.0	2.0	-41.0
Key P&L numbers					
Sales	57.6	57.4	0.4	45.8	25.7
EBITDA	10.8	10.6	1.8	9.7	11.3
D&A	4.8	2.1	128.3	3.2	50.0
EBIT	6.0	8.5	-29.7	6.5	-7.8
EBIT margin (%)	10.4	14.9	n.m.	14.2	14.2
Net financial result	-0.6	-0.4	30.2	-0.4	27.8
EBT	5.4	8.1	-32.8	6.1	-10.4
Net income	4.6	5.6	-18.5	4.3	6.2

Source: Company data, Refinitiv, Baader Helvea Equity Research

- Nabaltec is way better positioned for the potential crisis than in 2008 and might come out of the crisis stronger:** We fear that the effect for Nabaltec Specialty Alumina business might be worse 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 2H23E. Therefore, we reduced our top- and bottom line growth expectations in this segment, both due to volume and price effects. 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 due to 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 had already before the war in Ukraine and the increase of interest rates major issues, we think there might be again market consolidation, which could further strengthen Nabaltec's position.

Where do we differ from Nabaltec's guidance for 2022E and consensus?

EUR mn	2021 Rep.	2022E			2023E			
		Guidance	Baader	Cons. Dev. (%)	Baader	Cons. Dev. (%)		
Sales	187.0	12-14% sales growth or EUR 209mn to 213mn	217.7	217.4	0.2	188.9	210.7	-10.3
EBITDA	34.4		38.1	38.4	-0.7	24.9	35.6	-29.9
EBIT reported	24.6		22.9	24.5	-6.7	9.2	21.5	-56.9
EBIT margin (%)	13.2	10-12	10.5	11.3	n.m.	4.9	10.2	n.m.
DPS (EUR)	0.30		0.30	0.29	3.4	0.30	0.31	-3.2

Source: Company data, Refinitiv, Baader Helvea Equity Research

Nabaltec

Key data

FY 31 Dec.	2019	2020	2021	2022E	2023E	2024E
Share data						
EPS reported (EUR)	1.31	-2.23	1.85	1.66	0.60	1.06
EPS adjusted (EUR)	1.31	-2.23	1.85	1.66	0.60	1.06
Dividend (EUR)	0.21	0.00	0.30	0.30	0.30	0.45
Book value (EUR)	11.34	8.73	10.97	12.62	13.22	14.29
Free cash flow (EUR)	0.27	3.01	3.22	0.66	0.32	-1.05
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	176.9	176.9	176.9
Enterprise value (EUR mn)	365.6	284.4	334.2	220.7	204.1	227.4
Valuation						
P/E adj. (x)	24.1	-	17.4	12.1	33.5	19.0
P/BV (x)	2.8	2.7	2.9	1.6	1.5	1.4
FCF/EV (%)	0.6	9.3	8.5	2.6	1.4	-4.1
FCF yield (%) (FCF/Mcap.)	0.8	12.8	10.0	3.3	1.6	-5.2
Dividend yield (%)	0.7	0.0	0.9	1.5	1.5	2.2
EV/Sales (x)	2.0	1.8	1.8	1.0	1.1	1.2
EV/EBITDA adj. (x)	10.7	12.1	9.0	5.8	8.2	7.4
EV/EBIT adj. (x)	17.8	-17.9	13.6	9.7	22.1	15.3
EV/CE (x)	1.9	1.9	2.2	1.4	1.2	1.3
ROCE/WACC adj. (x)	0.9	-1.5	1.5	1.1	0.4	0.8
Key company data						
Sales growth (%)	1.8	-11.3	17.2	16.4	-13.2	-2.0
EBITDA adj. growth (%)	12.2	-31.3	58.3	2.1	-34.5	22.6
EBITDA adj. margin (%)	19.1	14.8	19.9	17.5	13.2	16.5
EBIT adj. margin (%)	11.4	-9.9	13.1	10.5	4.9	8.0
Net adj. margin (%)	6.4	-12.3	8.7	6.7	2.8	5.1
Free cash flow margin (%)	1.3	16.6	15.2	2.7	1.5	-5.0
Payout ratio (%)	16.1	0.0	16.2	18.1	50.3	42.3
Gearing (%) (net debt/equity)	42.0	43.1	7.3	4.8	-6.3	13.1
Net debt/EBITDA (x)	1.2	1.4	0.2	0.1	-0.3	0.5
Equity ratio (x) (equity/total assets)	41.5	38.7	43.7	46.2	45.5	52.3
Capital employed (EUR mn)	188.8	150.9	149.1	163.4	167.8	176.6
ROCE adj. (%)	7.1	-11.6	11.9	9.8	3.9	5.9
Income statement (EUR mn)						
Turnover	180.0	159.6	187.0	217.7	188.9	185.1
EBITDA	34.3	23.6	37.3	38.1	24.9	30.6
EBITDA adj.	34.3	23.6	37.3	38.1	24.9	30.6
EBIT	20.6	-15.9	24.6	22.9	9.2	14.9
EBIT adj.	20.6	-15.9	24.6	22.9	9.2	14.9
EBT	17.7	-17.8	22.8	20.9	7.5	13.4
Net profit after minorities	11.5	-19.7	16.3	14.6	5.3	9.4
Net profit adj.	11.5	-19.7	16.3	14.6	5.3	9.4
Balance sheet (EUR mn)						
Non-current assets	159	129	123	132	142	151
thereof goodwill	0	0	0	0	0	0
Current assets	81	70	97	108	114	89
Total assets	240	199	221	241	256	240
Shareholders' equity	100	77	96	111	116	126
Total equity and liabilities	240	199	221	241	256	240
Net debt	42	33	7	5	-7	16
Cash flow (EUR mn)						
Cash flow from operations	22.4	36.8	35.1	29.9	26.8	15.0
of which change in working capital	1.8	2.1	-3.5	-9.2	0.9	0.1
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	5.8	2.8	-9.2
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	-23.7	0.8	-4.6
Change in cash position	-1.3	9.8	28.0	-12.8	12.7	-23.8

Source: Company data, Baader Helvea Equity Research

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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

Nabaltec

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