

26 May 2023

**Nabaltec**

Germany

**Chemicals**

Reuters: NTGG.DE Bloomberg: NTG GY

**Buy**Closing price as of  
25-May-23 EUR 21.10**Target price EUR 31.00**

High/Low (12M) EUR 30.30/19.60

Market cap. EUR mn 186

Enterprise value EUR mn 195

Free float 45.0%

Avg. daily turnover EUR mn 0.08

**Price relative to Index**

Performance (%)	1M	3M	6M
Absolute	-7.0	-20.7	-14.2
rel. DAX	-6.6	-24.5	-22.8
rel. STOXX Europe 600	-4.7	-20.3	-17.7
rel. SXXP Chemicals	-2.2	-19.3	-10.9

**Analyst:****Markus Mayer**

+49 89 5150 1818

markus.mayer@baaderbank.de

**Final 1Q23 reporting without surprises but earnings split better than expected at Functional Fillers and worse than expected at Specialty Oxide****Our conclusion**

- As Nabaltec already pre-released its 1Q23 key numbers with its FY22 reporting, the final numbers as such are not anymore a surprise. However, the earnings split of the two divisions has been a small surprise for us as we thought that the slight positive surprise when the preliminary numbers have been reported came from both divisions (not solely by the Functional Fillers). Whereas in the reporting Nabaltec gave no indication on 2Q23, we had a call with the CEO and therefore think that 2Q23 might have started okay and that Nabaltec expects sequential recovery in 2H23E. As 1H23 might be more difficult than 2H23 for all EU chemical companies, there could be a chance that Nabaltec might land at the middle or upper end of the guidance, in our view. But even without consensus upward revision potential, Nabaltec's current low share price and valuation offer a good entry point into an attractive investment story which is currently due to its market cap. and limited free float off the radar of many investors.

**Facts & Analysis****Where do we differ from Nabaltec's 2023E guidance**

EUR mn	2022 Reported	2023E Guidance	Baader
Sales	218.8	3-5% or EUR 225mn to EUR 230mn	217.9
EBITDA	42.40	n.a.	36.1
EBIT	29.2	implied EUR 18mn to EUR 23mn	20.3
EBIT margin (%)	13.3	8-10	9.3
DPS (EUR)	0.28	n.a.	0.30

Source: Company data, Baader Helvea Equity Research

- Nabaltec expects demand to remain largely stable in most product ranges.** The market environment for specialty alumina is more challenging than for functional fillers, according to Nabaltec. In specific applications – such as our boehmite for coating the separator films in lithium-ion batteries for e-mobility – Nabaltec does not currently see a rapid breakthrough in Europe as in many cases, battery manufacturers are still not getting beyond the stage of announcements. The rapid expansion of cell production capacities expected by so many and demanded by so many is currently not in evidence, according to Nabaltec. Instead, Asian manufacturers – and above all the Chinese – are successively expanding their position on the world market. In the process, they are also pushing back manufacturers from other Asian countries, such as South Korea or Japan, which have been Nabaltec's preferred customers to date, according to Nabaltec. Whether Chinese cell manufacturers and their Chinese suppliers can be won as customers for Nabaltec, Nabaltec judges rather skeptically in view of the very closed Chinese market in this area. Nabaltec also definitely want to serve the European market to a significant extent – combined with the expectation that the capacity expansion is only postponed. At the same time, Nabaltec is analyzing its opportunities to be available on the North American market as a partner to the supplier industry for cell production as there are currently increasing signs that cell production there is likely to develop significantly faster than in Europe.
- Divisional performance:** In the "Functional Fillers" product segment, 1Q23 sales of EUR 40.1mn (up 8.7% yoy) were mainly achieved due to price effects. Sales volumes in the boehmite product range stagnated yoy. In the "Specialty Alumina" product segment, 1Q23 sales of EUR 17.0mn were down 5% yoy as volumes in the segment fell significantly by 18.0%, due in particular to the current slowdown in the steel industry. 1Q23 EBIT of the Functional Fillers segment was nearly flat at EUR 5.2mn, whereas the 1Q23 EBIT of the Specialty Oxide division dropped to the zero line.

## Nabaltec

## Key data

FY 31 Dec.	2020	2021	2022	2023E	2024E	2025E
<b>Share data</b>						
EPS reported (EUR)	-2.23	1.85	3.00	1.58	2.07	2.22
<b>EPS adjusted (EUR)</b>	<b>-2.23</b>	<b>1.85</b>	<b>3.00</b>	<b>1.58</b>	<b>2.07</b>	<b>2.22</b>
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	185.7	185.7	185.7
Enterprise value (EUR mn)	284.4	334.2	274.4	195.1	184.8	176.5
<b>Valuation</b>						
<b>P/E adj. (x)</b>	<b>-</b>	<b>17.4</b>	<b>9.2</b>	<b>13.4</b>	<b>10.2</b>	<b>9.5</b>
P/BV (x)	2.7	2.9	1.8	1.3	1.1	1.0
FCF/EV (%)	4.9	7.9	2.4	10.2	7.8	7.4
FCF yield (%) (FCF/Mcap.)	6.8	9.3	2.8	10.7	7.7	7.1
Dividend yield (%)	0.0	0.8	1.1	1.4	1.6	1.7
EV/Sales (x)	1.8	1.8	1.3	0.9	0.8	0.7
EV/EBITDA adj. (x)	12.1	9.0	6.5	5.4	4.4	4.0
EV/EBIT adj. (x)	-17.9	13.6	9.4	9.6	7.1	6.3
EV/CE (x)	1.9	2.2	1.8	1.2	1.1	1.0
ROCE/WACC adj. (x)	-1.5	1.4	2.0	1.0	1.2	1.2
<b>Key company data</b>						
<b>Sales growth (%)</b>	<b>-11.3</b>	<b>17.2</b>	<b>17.0</b>	<b>-0.4</b>	<b>3.5</b>	<b>5.5</b>
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
<b>EBIT adj. margin (%)</b>	<b>-9.9</b>	<b>13.1</b>	<b>13.3</b>	<b>9.3</b>	<b>11.6</b>	<b>11.8</b>
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
<b>Income statement (EUR mn)</b>						
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
<b>Balance sheet (EUR mn)</b>						
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
<b>Total assets</b>	<b>199</b>	<b>221</b>	<b>281</b>	<b>289</b>	<b>311</b>	<b>333</b>
Shareholders' equity	77	96	133	147	166	185
<b>Total equity and liabilities</b>	<b>199</b>	<b>221</b>	<b>281</b>	<b>289</b>	<b>311</b>	<b>333</b>
Net debt	33	7	3	-18	-29	-39
<b>Cash flow (EUR mn)</b>						
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
<b>Free cash flow</b>	<b>14.0</b>	<b>26.4</b>	<b>6.7</b>	<b>19.9</b>	<b>14.3</b>	<b>13.1</b>
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
<b>Change in cash position</b>	<b>-2.6</b>	<b>25.9</b>	<b>35.3</b>	<b>21.4</b>	<b>11.0</b>	<b>9.4</b>

Source: Company data, Baader Helvea Equity Research

**Nabaltec****Disclaimer****Baader Bank AG, Weißenstephaner Strasse 4, 85716 Unterschleißheim, Germany****Baader Helvea AG, Talstrasse 9, 8001 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 07:17 AM (CEST) on 26-05-2023.

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 [http://www.baaderbank.de/disclaimer\\_research.html](http://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 [http://www.baaderbank.de/disclaimer\\_research.html](http://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

**Markus Mayer**

Head of Research  
+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**

Markus Mayer	+49 89 5150 1818	markus.mayer@baaderbank.de
Andreas von Arx	+41 43 388 9257	avonarx@helvea.com
Konstantin Wiechert	+41 43 388 9213	kwiechert@helvea.com

**Consumer**

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

**Financial Services**

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

**Metals & Mining**

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

**Pharma**

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

**Real Estate**

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

**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
----------	-----------------

**DERIVATIVES SALES**

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

**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

**PUBLICATION ADDRESSES**

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

T +49 89 5150 1810

**Baader Helvea AG**  
**Equity Research**  
Talstrasse 9  
8001 Zurich, Switzerland

T +41 43 388 9250