

28 October 2024

Nabaltec

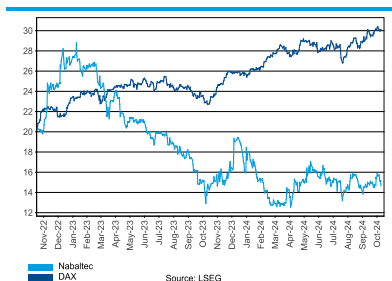
Germany

Chemicals

Reuters: NTGG.DE Bloomberg: NTG GY

Buy

Closing price as of 25-Oct-24	EUR 14.65
Target price	EUR 20.00
High/Low (12M)	EUR 19.40/12.55
Market cap.	EUR mn 129
Enterprise value	EUR mn 135
Free float	45.0%
Avg. daily turnover	EUR mn 0.05

Price relative to Index

Performance (%)	1M	3M	6M
Absolute	0.7	3.5	3.2
rel. DAX	-2.2	-2.8	-5.5
rel. STOXX Europe 600	0.8	1.5	-0.1
rel. SXXP Chemicals	2.8	1.8	4.4

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1H24 results underpin recovery in data center cable demand and our investment case**Our conclusion**

■ Following the 1H24 reporting and a presentation at our Baader Investment Conference, we update our estimates for Nabaltec, while reiterating our overall investment case and recommendation. On the one hand side, the 1H results have shown the impact of a slowdown in EV adoption rates and consequently increasing competitive pressure in Boehmite as capacity additions do not find matching demand. On the other hand, Functional Fillers has shown resilient performance despite lower boehmite sales due to increasing demand from AI-fueled data center investments. Simultaneously, Specialty Alumina profited from ending destocking and lower energy and raw material prices.

■ **Outlook:** Nabaltec has précised its outlook to 2-4% topline growth and 8-10% EBIT margin. In slight contrast to this, we remain below the topline guidance with our updated estimates due to the negative automotive business momentum which started in August with -18.1% growth in European car registrations and continued with -6.1% in September. Consequently, we anticipated notably lower sales in Boehmite and weaker sales in VOH in 2H24E. On EBIT, however, we are about 3.4% ahead of the implied lower guidance end due to the strong business momentum in datacenters and lower than initially anticipated energy prices. Our update also results in slightly lower topline estimates for FY25E, but mostly due to a change in price expectations, while our absolute EBITDA expectations slightly increased in light of better than anticipated pricing power in Specialty Alumina.

Facts & Analysis**Our segment estimates**

		2Q24	1H24	3Q24E	qoq (%)	4Q24E	2H24E	2024E	2025E	2026E
Functional Fillers										
Sales	EUR mn	36.0	74.7	37.0	2.2	31.9	64.4	142.6	148.4	161.2
Change yoy	(%)	5.4	0.6	3.8		-1.8	-5.3	0.2	4.1	8.6
thereof battery-related	EUR mn							18.4	20.8	29.7
Change yoy	(%)							-17.9	13.3	42.7
EBITDA	EUR mn	6.2	13.0	6.5	10.8	4.9	10.6	24.8	26.3	29.3
Margin	(%)	17.3	17.3	17.5	150bps	15.5	16.5	17.4	17.7	18.2
EBIT	EUR mn	3.8	8.3	4.0	15.1	2.1	5.4	15.0	14.7	16.6
Margin	(%)	10.5	11.1	10.9	150bps	6.6	8.3	10.5	9.9	10.3
Specialty Alumina										
Sales	EUR mn	14.5	29.9	14.5	-3.8	13.5	28.0	58.2	57.8	58.1
Change yoy	(%)	-2.7	-6.2	2.7		13.9	7.8	0.6	-0.7	0.5
EBITDA	EUR mn	1.0	2.4	1.3	8.8	0.7	2.1	4.8	4.9	5.1
Margin	(%)	7.2	7.9	9.2	110bps	5.4	7.4	8.3	8.5	8.7
EBIT	EUR mn	0.3	0.8	0.6	21.9	0.1	0.7	1.8	1.8	2.0
Margin	(%)	2.1	2.8	4.1	90bps	0.5	2.4	3.2	3.1	3.5
Group										
Sales	EUR mn	50.5	104.5	51.5	0.5	45.3	92.4	200.8	206.2	219.3
Change yoy	(%)	2.9	-1.5	3.5		2.4	-1.7	0.3	2.7	6.3
EBITDA	EUR mn	7.3	15.3	7.8	10.5	5.7	12.7	29.6	31.2	34.4
Margin	(%)	14.4	14.7	15.2	150bps	12.5	13.7	14.8	15.1	15.7
EBIT	EUR mn	4.1	9.1	4.6	15.8	2.2	6.0	16.9	16.5	18.6
Margin	(%)	8.1	8.7	9.0	140bps	4.7	6.5	8.4	8.0	8.5

Source: Company data, Baader Helvea Equity Research

Key financials

EUR mn	2023	2024E	2025E	2026E	CAGR (%)
Gross sales	200.1	200.8	206.2	219.3	3.1
EBIT adj.	18.3	16.9	16.5	18.6	0.4
EPS adj. (EUR)	1.30	1.34	1.31	1.47	4.3

Source: Company data, Baader Helvea Equity Research

Valuation ratios

x	2023	2024E	2025E	2026E
EV/Sales	0.9	0.7	0.7	0.6
EV/EBIT adj.	10.1	8.0	8.5	7.1
P/E adj.	15.7	10.9	11.2	10.0

Nabaltec

Key data

FY 31 Dec.	2021	2022	2023	2024E	2025E	2026E
Share data						
EPS reported (EUR)	1.85	3.00	1.30	1.34	1.31	1.47
EPS adjusted (EUR)	1.85	3.00	1.30	1.34	1.31	1.47
Dividend (EUR)	0.25	0.28	0.28	0.28	0.33	0.38
Book value (EUR)	10.97	15.17	16.11	17.17	18.20	19.34
Free cash flow (EUR)	3.00	0.76	0.28	0.20	-0.23	1.24
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	128.9	128.9	128.9
Enterprise value (EUR mn)	290.9	246.4	185.0	134.8	139.6	131.8
Valuation						
P/E adj. (x)	17.4	9.2	15.7	10.9	11.2	10.0
P/BV (x)	2.9	1.8	1.3	0.9	0.8	0.8
FCF/EV (%)	9.1	2.7	1.3	1.3	-1.5	8.3
FCF yield (%) (FCF/Mcap.)	9.3	2.8	1.4	1.4	-1.6	8.5
Dividend yield (%)	0.8	1.0	1.4	1.9	2.3	2.6
EV/Sales (x)	1.6	1.1	0.9	0.7	0.7	0.6
EV/EBITDA adj. (x)	7.8	5.8	6.0	4.5	4.5	3.8
EV/EBIT adj. (x)	11.9	8.4	10.1	8.0	8.5	7.1
EV/CE (x)	2.0	1.6	1.1	0.8	0.7	0.7
ROCE/WACC adj. (x)	1.8	2.0	1.2	1.0	0.9	1.1
Key company data						
Sales growth (%)	17.2	17.0	-8.5	0.3	2.7	6.3
EBITDA adj. growth (%)	58.3	13.6	-26.8	-4.4	5.2	10.3
EBITDA adj. margin (%)	19.9	19.4	15.5	14.8	15.1	15.7
EBIT adj. margin (%)	13.1	13.3	9.2	8.4	8.0	8.5
Net adj. margin (%)	8.7	12.1	5.7	5.9	5.6	5.9
Free cash flow margin (%)	14.1	3.1	1.2	0.9	-1.0	5.0
Payout ratio (%)	13.5	9.3	21.6	20.9	25.2	25.8
Gearing (%) (net debt/equity)	7.3	2.4	3.5	3.9	6.6	1.7
Net debt/EBITDA (x)	0.2	0.1	0.2	0.2	0.3	0.1
Equity ratio (x) (equity/total assets)	43.7	47.5	50.5	51.5	53.6	54.9
Capital employed (EUR mn)	149.1	156.5	162.3	173.1	186.9	189.1
ROCE adj. (%)	11.5	13.0	7.9	6.8	6.2	6.9
Income statement (EUR mn)						
Turnover	187.0	218.8	200.1	200.8	206.2	219.3
EBITDA	37.3	42.4	31.0	29.6	31.2	34.4
EBITDA adj.	37.3	42.4	31.0	29.6	31.2	34.4
EBIT	24.6	29.2	18.3	16.9	16.5	18.6
EBIT adj.	24.6	29.2	18.3	16.9	16.5	18.6
EBT	22.8	27.5	16.1	16.6	16.3	18.3
Net profit after minorities	16.3	26.4	11.4	11.8	11.5	13.0
Net profit adj.	16.3	26.4	11.4	11.8	11.5	13.0
Balance sheet (EUR mn)						
Non-current assets	123	135	121	138	148	147
thereof goodwill	0	0	0	0	0	0
Current assets	98	146	160	155	151	163
Total assets	221	281	281	293	299	310
Shareholders' equity	96	133	142	151	160	170
Total equity and liabilities	221	281	281	293	299	310
Net debt	7	3	5	6	11	3
Cash flow (EUR mn)						
2021	2022	2023	2024E	2025E	2026E	
Cash flow from operations	33.2	32.4	16.5	31.8	23.0	25.9
of which change in working capital	-1.4	-7.0	-8.5	7.0	-3.5	-3.1
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
Free cash flow	26.4	6.7	2.5	1.8	-2.0	10.9
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
Change in cash position	25.0	34.7	-1.0	-0.9	-4.8	7.8

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**

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This Research Document was completed at 07:53 AM (CET) on 28-10-2024.

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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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