

24 November 2023

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10 - 12 January 2024, Bad Ragaz**Nabaltec**

Germany

Chemicals

Reuters: NTGG.DE Bloomberg: NTG GY

Buy

Closing price as of 23-Nov-23	EUR 16.00
Target price	EUR 31.00
High/Low (12M)	EUR 28.80/12.90
Market cap.	EUR mn 141
Enterprise value	EUR mn 149
Free float	45.0%
Avg. daily turnover	EUR mn 0.06

Price relative to Index

Performance (%)	1M	3M	6M
Absolute	24.0	-13.5	-25.2
rel. DAX	16.0	-15.2	-24.3
rel. STOXX Europe 600	18.2	-14.6	-23.6
rel. SXXP Chemicals	14.6	-15.7	-24.1

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3Q23 sales and EBIT slightly better than expected – FY23 guidance reiterated – Share price at IPO level a good entry point, in our view**Our conclusion**

- Nabaltec's 3Q23 numbers are 2% above our forecasts on sales and EBIT level but below our forecasts on net income level (we think due to a higher than expected tax rate in 3Q23). Whereas the Functional Fillers segment performed better than expected (in particular on the EBIT side) due to a recovery at the Boehmite business (which triggered a positive product mix effect), the smaller Specialty Oxides business performed worse than expected as the situation in the refractory industry has not improved at all. In our view, the better than expected Functional Fillers (in particular Boehmite) business is a positive indication for 4Q23E and in particular for 2024E. For the Specialty Oxides business, we expect no further worsening and think that the restructuring at peers might stabilize the market in 2024E at least. Consequently, 2023E might mark the earnings trough.
- Nabaltec's share price nearly halved over the last 12 months and now stands at its IPO price. Given our believe of recovering earnings in 2024E and beyond and a strong long-term investment story, we think the current share price might be an interesting entry point for investors. We keep our Buy rating and target price as we only slightly changed our estimates after 3Q23 reporting.

Facts & Analysis

- Quote of Nabaltec's CEO on the current business environment:** "Signs of a noticeable slowdown in industrial momentum already existed in the second quarter of this year, with the trend becoming more pronounced over the course of the third quarter. [...] Looking at the current overall situation, there have not been many changes since the previous quarter. Our customers' ordering behavior continues to be characterized by volatility. [...] Now that stocks are largely depleted, our customers are buying goods at short notice, very closely linked to demand. Our target markets, such as the cable and wire, construction, and steel industries, are also currently under pressure, which we are clearly feeling. [...] On a positive note, there was a selective improvement in the "Functional Fillers" product segment in the third quarter of 2023 compared to the previous quarter. In the boehmite product range in particular, sales volumes were back at the previous year's level for the first time and were significantly higher than in the two previous quarters. The main reason for this development is the renewed increase in demand for electric vehicles in Asia, where we mainly supply the Chinese, South Korean and Japanese markets. A number of indicators therefore suggest that the weak market demand has bottomed out in some areas."

3Q23 numbers at a glance

EUR mn	3Q23 Reported	Baader 3Q23E	Dev. (%)	2Q23	qoq (%)	3Q22	yoy (%)
Key divisional numbers							
Functional Fillers							
Sales	35.6	33.8	5.3	34.2	-1.0	37.9	-10.9
EBIT	4.3	2.9	48.5	2.9	-1.3	5.8	-50.6
Specialty Alumina							
Sales	14.1	14.7	-4.4	14.9	-1.0	18.5	-20.4
EBIT	0.3	1.6	-78.5	0.4	303.5	2.2	-25.7
Key P&L numbers							
Sales	49.8	48.6	2.4	49.6	0.3	55.5	-10.3
EBIT	4.6	4.5	2.3	3.3	38.8	8.0	-42.5
EBIT margin (%)	9.2	9.3	n.m.	6.7	n.m.	14.4	-35.9
Net income	2.9	3.5	-15.7	2.4	21.2	12.1	-76.0

Source: Company data, Baader Helvea Equity Research

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	1.50	1.98
EPS adjusted (EUR)	-2.23	1.85	3.00	1.14	1.50	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	17.81	19.79
Free cash flow (EUR)	1.60	3.00	0.76	2.19	0.34	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	140.8	140.8	140.8
Enterprise value (EUR mn)	284.4	334.2	274.4	148.5	150.2	145.1
Valuation						
P/E adj. (x)	-	17.4	9.2	14.0	10.7	8.1
P/BV (x)	2.7	2.9	1.8	1.0	0.9	0.8
FCF/EV (%)	4.9	7.9	2.4	13.0	2.0	7.2
FCF yield (%) (FCF/Mcap.)	6.8	9.3	2.8	13.7	2.1	7.4
Dividend yield (%)	0.0	0.8	1.1	1.3	1.4	1.6
EV/Sales (x)	1.8	1.8	1.3	0.7	0.7	0.7
EV/EBITDA adj. (x)	12.1	9.0	6.5	5.4	4.7	3.8
EV/EBIT adj. (x)	-17.9	13.6	9.4	9.8	7.7	5.8
EV/CE (x)	1.9	2.2	1.8	1.0	0.9	0.8
ROCE/WACC adj. (x)	-1.5	1.4	2.0	0.8	1.0	1.1
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	-34.8	15.8	17.5
EBITDA adj. margin (%)	14.8	19.9	19.4	13.4	15.2	16.9
EBIT adj. margin (%)	-9.9	13.1	13.3	7.3	9.3	11.3
Net adj. margin (%)	-12.3	8.7	12.1	4.9	6.3	7.8
Free cash flow margin (%)	8.8	14.1	3.1	9.3	1.4	4.7
Payout ratio (%)	0.0	13.5	10.0	17.5	15.4	13.1
Gearing (%) (net debt/equity)	43.1	7.3	2.4	-13.1	-11.2	-13.6
Net debt/EBITDA (x)	1.4	0.2	0.1	-0.7	-0.5	-0.6
Equity ratio (x) (equity/total assets)	38.7	43.7	47.5	50.6	52.1	54.6
Capital employed (EUR mn)	150.9	149.1	156.5	152.9	171.1	182.3
ROCE adj. (%)	-11.6	11.8	17.9	7.2	8.4	10.1
Income statement (EUR mn)						
Turnover	159.6	187.0	218.8	206.5	210.5	222.5
EBITDA	23.6	37.3	42.5	27.7	32.1	37.7
EBITDA adj.	23.6	37.3	42.5	27.7	32.1	37.7
EBIT	-15.9	24.6	29.2	15.1	19.6	25.2
EBIT adj.	-15.9	24.6	29.2	15.1	19.6	25.2
EBT	-17.8	22.8	27.5	13.8	18.1	23.9
Net profit after minorities	-19.7	16.3	26.4	10.1	13.2	17.4
Net profit adj.	-19.7	16.3	26.4	10.1	13.2	17.4
Balance sheet (EUR mn)						
Non-current assets	129	123	135	123	140	150
thereof goodwill	0	0	0	0	0	0
Current assets	70	97	146	161	160	169
Total assets	199	221	281	284	301	319
Shareholders' equity	77	96	133	144	157	174
Total equity and liabilities	199	221	281	284	301	319
Net debt	33	7	3	-19	-18	-24
Cash flow (EUR mn)						
Cash flow from operations	24.4	33.2	32.4	33.4	33.2	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	-30.2	-25.1
of which investment in fixed assets	-10.2	-6.7	-10.5	-15.0	-30.0	-25.0
Free cash flow	14.0	26.4	6.7	19.3	3.0	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	22.1	-1.3	6.2

Source: Company data, Baader Helvea Equity Research

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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

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