

18 January 2016

Nabaltec

Germany

Small & Mid Caps

Reuters: NTGG.DE Bloomberg: NTG GY

Hold

Closing price as of
15-Jan-16 EUR 13.60

Target price EUR 17.50

High/Low (12M) EUR 18.43/12.60

Market cap. EUR mn 109

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Nashtec in slight disarray as Sherwin Alumina files for chapter 11

Our conclusion

- Nashtec, which is Nabaltec's JV with Allied Alumina LLC, is in an adverse situation after Sherwin Alumina, which is the major supplier of aluminum hydroxide, filed for chapter 11. However, according to Nabaltec's press release the supply to its customers is secure.
- Sherwin Alumina will continue to supply Nashtec with aluminum hydroxide under chapter 11 and we assume that the JV will be supplied with aluminum hydroxide by a successor company. The filing for bankruptcy contains the plan to sell the alumina and alumina hydroxide production.
- Despite Nabaltec states in its press release that the supply with aluminum hydroxide is secure, the situation represents some uncertainty. We therefore reiterate our Hold recommendation for the time being.

Facts & Analysis

- Sales in the US represent approximately 13-15% of group sales in 2015E, while Asia probably represents another 6-8%. We assume that most of the sales have been generated by the Functional Filler division with material produced by Nashtec. Generally, Nashtec was one of the major growth drivers due to strong demand in the regions. In 2014 sales in the US and Asia regions increased by approximately 20% according to the company and should have improved at about the same order of magnitude in 2015E.
- Nabaltec holds 51% in the Nashtec JV, while Allied Alumina/Sherwin Alumina holds the remainder 49%. Sherwin Alumina is 100% owned by Swiss-Anglo Glencore Xstrata.

Key financials

EUR mn	2013	2014	2015E	2016E
Sales	132.9	143.3	152.5	166.8
EBIT	10.5	12.7	14.5	16.3
EPS adj. (EUR)	0.33	0.69	0.83	1.06

Source: Company data, Baader-Helvea Equity Research

Valuation ratios

x	2013	2014	2015E	2016E
EV/Sales	1.0	1.1	1.3	1.0
EV/EBIT	12.1	12.4	14.0	10.3
P/E adj.	22.2	15.9	20.5	12.8