



Buy (old: Buy)

Price target: EUR 43.00 (old: EUR 43.00)

Price: EUR 36.00 **Next result:** Q4 tbd
Bloomberg: NTG GR **Market cap:** EUR 295.7 m
Reuters: NTGG.DE **Enterprise Value:** EUR 358.0 m

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Increasing boehmite capacities amid strong demand growth

Thanks to an increasing EV momentum coupled with the benefits of boehmite as coating material for separator foils within lithium-ion batteries, Nabaltec should be able to fully utilize its current boehmite production capacity of 12kt by the end of 2023E. Coupled with a clear commitment from customers, the company announced that its **plans to more than double the current production capacity to 25kt**.

With construction likely to begin in Q1 '22, the new capacities are seen to become available by H2 '23E, just in time as we expect its current capacity to be fully utilized by the end of 2023E. **The new production capacity of 25kt implies boehmite-related contribution of € 88m sales and € 27m EBIT**, which compares to € 24m sales and € 7.4m EBIT for FY '21E. The necessary investment of around € 35m (eH&A), which will only gradually become payable, can easily be financed by Nabaltec's strong free cash flow generation; € 48m for 2021-23E.

Further, with EV dynamics starting to pick up in the US, we also see a **possibility for Nabaltec to establish a US-based boehmite production** at one of its sites to serve local battery production. A positive decision with an initial capacity of 5-10kt (eH&A) would **strongly support the company's mid- to long-term growth case**.

Taking into account the ambitious EV targets across the automotive industry in Europe and the US, **production capacities of suitable lithium-ion batteries will have to explode** during the next ten years. We therefore expect Nabaltec to **further increase production capacities for boehmite beyond current plans during the mid- to long-term**.

While incremental P&L contributions from the capacity expansion are not seen to materialize until H2 2023E, Nabaltec should not be lagging growth in the meanwhile. **We expect 24% yoy sales growth for FY 2022E** stemming from (i) improving utilization rates at Nashtec and Naprotec as well as (ii) a ~ 40% yoy increase in boehmite sales volumes (bringing current production capacity utilization to 80%) and (iii) group wide price increases to tackle raw material and labour price inflation. In fact, Nabaltec already announced price increases of up to 20% across all product groups becoming effective as of January 1st (eH&A 13% on average).

Reiterate BUY with an unchanged € 43 PT based on FCFY 2023E.

Y/E 31.12 (EUR m)	2017	2018	2019	2020	2021E	2022E	2023E
Sales	168.6	176.7	179.0	159.6	181.3	224.1	239.4
Sales growth	6 %	5 %	1 %	-11 %	14 %	24 %	7 %
EBITDA	30.0	30.6	32.3	23.6	36.0	44.8	49.5
EBIT	18.3	18.5	18.6	-15.9	22.0	31.0	35.7
Net income	11.4	10.3	10.7	-19.7	14.6	21.1	24.5
Net debt	25.9	40.7	41.9	33.1	17.8	10.5	-8.5
Net gearing	30.6 %	42.4 %	42.3 %	43.1 %	18.2 %	9.4 %	-6.3 %
Net Debt/EBITDA	0.9	1.3	1.3	1.4	0.5	0.2	0.0
EPS pro forma	1.30	1.49	1.22	0.64	1.66	2.40	2.78
CPS	1.90	0.92	1.63	1.85	1.98	1.53	2.90
DPS	0.18	0.20	0.15	0.22	0.25	0.28	n/a
Dividend yield	0.5 %	0.6 %	0.4 %	0.7 %	0.7 %	0.8 %	0.9 %
Gross profit margin	50.8 %	51.2 %	53.5 %	51.8 %	54.2 %	53.8 %	54.3 %
EBITDA margin	17.8 %	17.3 %	18.1 %	14.8 %	19.9 %	20.0 %	20.7 %
EBIT margin	10.9 %	10.5 %	10.4 %	-9.9 %	12.2 %	13.8 %	14.9 %
ROCE	10.0 %	9.8 %	8.9 %	-8.2 %	10.4 %	15.6 %	16.3 %
EV/sales	2.1	2.1	2.1	2.3	2.0	1.6	1.4
EV/EBITDA	11.9	12.2	11.9	15.8	9.9	7.8	6.7
EV/EBIT	19.6	20.2	20.6	-23.5	16.2	11.3	9.3
PER	25.8	22.6	27.6	52.4	20.2	14.0	12.1
Adjusted FCF yield	5.0 %	4.6 %	5.0 %	3.7 %	6.3 %	8.2 %	9.7 %

Source: Company data, Hauck & Aufhäuser Close price as of: 21.12.2021



Source: Company data, Hauck & Aufhäuser

High/low 52 weeks: 37.80 / 23.70
Price/Book Ratio: 3.3
Relative performance (SDAX):
 3 months: 17.9 %
 6 months: 9.4 %
 12 months: 23.7 %

Changes in estimates

		Sales	EBIT	EPS
2021	old:	181.3	22.0	1.66
	Δ	-	-	-
2022	old:	224.1	31.0	2.40
	Δ	-	-	-
2023	old:	239.4	35.7	2.78
	Δ	-	-	-

Key share data:

Number of shares: (in m pcs) 8.8
 Authorised capital: (in € m) 3.2
 Book value per share: (in €) 11.1
 Ø trading volume: (12 months) 2,200

Major shareholders:

Free Float 44.0 %
 Family Heckmann 28.3 %
 Family Witzany 27.2 %

Company description:

Nabaltec is focused on the production of functional fillers for plastics such as non-hazardous and non-toxic flame retardants used in electrical and electronic equipment.

Balance sheet (EUR m)	2017	2018	2019	2020	2021E	2022E	2023E
Intangible assets	0.5	0.5	0.5	0.5	0.5	0.5	0.5
Property, plant and equipment	131.7	148.4	155.6	123.9	123.9	124.1	124.3
Financial assets	0.1	0.1	0.1	0.4	0.1	0.4	0.1
FIXED ASSETS	132.2	149.0	156.1	124.8	124.5	125.0	124.9
Inventories	33.0	34.6	40.5	32.9	37.8	46.7	49.9
Accounts receivable	4.1	4.5	5.6	5.3	6.0	7.4	7.9
Other current assets	5.5	7.5	5.7	5.7	5.7	5.7	5.7
Liquid assets	45.9	30.3	29.0	26.4	41.2	48.4	67.5
Deferred taxes	0.7	0.0	2.7	3.7	3.7	3.7	3.7
Deferred charges and prepaid expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0
CURRENT ASSETS	89.2	76.9	83.4	73.9	94.3	111.8	134.5
TOTAL ASSETS	221.4	225.9	239.6	198.6	218.8	236.8	259.5
SHAREHOLDERS EQUITY	84.5	95.8	98.9	76.8	97.7	112.6	134.2
MINORITY INTEREST	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Long-term debt	70.4	70.4	39.0	59.0	59.0	59.0	59.0
Provisions for pensions and similar obligations	36.8	36.1	46.4	44.5	44.5	44.5	44.5
Other provisions	3.2	3.5	4.7	1.8	0.0	0.0	0.0
Non-current liabilities	110.4	110.0	90.0	105.3	103.5	103.5	103.5
short-term liabilities to banks	1.4	0.5	31.9	0.5	0.0	0.0	0.0
Accounts payable	15.6	12.6	13.4	11.6	13.2	16.3	17.4
Advance payments received on orders	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other liabilities (incl. from lease and rental contracts)	8.3	6.2	5.3	4.4	4.4	4.4	4.4
Deferred taxes	1.0	0.7	0.0	0.0	0.0	0.0	0.0
Deferred income	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Current liabilities	26.5	20.1	50.6	16.5	17.6	20.7	21.8
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	221.4	225.9	239.6	198.6	218.8	236.8	259.5

Balance sheet (common size)	2017	2018	2019	2020	2021E	2022E	2023E
Intangible assets	0.2 %	0.2 %	0.2 %	0.2 %	0.2 %	0.2 %	0.2 %
Property, plant and equipment	59.5 %	65.7 %	64.9 %	62.4 %	56.6 %	52.4 %	47.9 %
Financial assets	0.0 %	0.0 %	0.0 %	0.2 %	0.0 %	0.2 %	0.0 %
FIXED ASSETS	59.7 %	65.9 %	65.2 %	62.8 %	56.9 %	52.8 %	48.1 %
Inventories	14.9 %	15.3 %	16.9 %	16.6 %	17.3 %	19.7 %	19.2 %
Accounts receivable	1.8 %	2.0 %	2.3 %	2.7 %	2.7 %	3.1 %	3.0 %
Other current assets	2.5 %	3.3 %	2.4 %	2.9 %	2.6 %	2.4 %	2.2 %
Liquid assets	20.7 %	13.4 %	12.1 %	13.3 %	18.8 %	20.5 %	26.0 %
Deferred taxes	0.3 %	0.0 %	1.1 %	1.8 %	1.7 %	1.5 %	1.4 %
Deferred charges and prepaid expenses	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
CURRENT ASSETS	40.3 %	34.1 %	34.8 %	37.2 %	43.1 %	47.2 %	51.9 %
TOTAL ASSETS	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %
SHAREHOLDERS EQUITY	38.2 %	42.4 %	41.3 %	38.7 %	44.7 %	47.6 %	51.7 %
MINORITY INTEREST	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Long-term debt	31.8 %	31.2 %	16.3 %	29.7 %	27.0 %	24.9 %	22.7 %
Provisions for pensions and similar obligations	16.6 %	16.0 %	19.4 %	22.4 %	20.3 %	18.8 %	17.1 %
Other provisions	1.5 %	1.6 %	2.0 %	0.9 %	0.0 %	0.0 %	0.0 %
Non-current liabilities	49.9 %	48.7 %	37.6 %	53.0 %	47.3 %	43.7 %	39.9 %
short-term liabilities to banks	0.6 %	0.2 %	13.3 %	0.3 %	0.0 %	0.0 %	0.0 %
Accounts payable	7.1 %	5.6 %	5.6 %	5.8 %	6.0 %	6.9 %	6.7 %
Advance payments received on orders	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Other liabilities (incl. from lease and rental contracts)	3.8 %	2.8 %	2.2 %	2.2 %	2.0 %	1.9 %	1.7 %
Deferred taxes	0.5 %	0.3 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Deferred income	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Current liabilities	12.0 %	8.9 %	21.1 %	8.3 %	8.0 %	8.7 %	8.4 %
TOTAL LIABILITIES AND SHAREHOLDERS EQUITY	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %	100.0 %

Source: Company data, Hauck & Aufhäuser

Cash flow statement (EUR m)	2017	2018	2019	2020	2021E	2022E	2023E
Net profit/loss	11.4	10.3	10.7	-19.7	14.6	21.1	24.5
Depreciation of fixed assets (incl. leases)	11.7	12.1	13.7	37.1	14.0	13.8	13.8
Amortisation of goodwill	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation of intangible assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Others	3.5	1.4	0.2	-1.9	0.0	0.0	0.0
Cash flow from operations before changes in w/c	26.7	23.9	24.6	15.6	28.6	34.9	38.3
Increase/decrease in inventory	-2.1	-1.6	-5.9	7.6	-4.9	-8.9	-3.2
Increase/decrease in accounts receivable	-1.0	-2.4	0.7	0.3	-0.7	-1.4	-0.5
Increase/decrease in accounts payable	1.1	-3.7	0.3	1.8	-1.6	-3.1	-1.1
Increase/decrease in other working capital positions	0.0	0.0	2.6	-1.0	4.0	0.0	0.0
Increase/decrease in working capital	-2.0	-7.8	-2.2	8.7	-3.2	-13.4	-4.8
Cash flow from operating activities	24.7	16.1	22.4	24.3	25.5	21.4	33.5
CAPEX	23.4	27.1	20.0	10.3	8.0	12.0	12.0
Payments for acquisitions	0.6	0.0	0.0	0.0	0.0	0.0	0.0
Financial investments	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Income from asset disposals	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Cash flow from investing activities	-23.9	-27.1	-20.0	-10.3	-8.0	-12.0	-12.0
Cash flow before financing	0.7	-11.1	2.3	14.0	17.5	9.4	21.5
Increase/decrease in debt position	-0.8	-1.0	-0.1	-13.3	-0.5	0.0	0.0
Purchase of own shares	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Capital measures	17.9	0.0	0.0	0.0	0.0	0.0	0.0
Dividends paid	1.2	1.6	1.8	1.3	1.9	2.2	2.5
Others	-6.0	-2.0	-2.0	0.0	0.0	0.0	0.0
Effects of exchange rate changes on cash	-1.0	0.1	0.0	-2.0	0.0	0.0	0.0
Cash flow from financing activities	10.0	-4.6	-3.8	-14.6	-2.4	-2.2	-2.5
Increase/decrease in liquid assets	9.8	-15.6	-1.4	-2.7	15.0	7.2	19.0
Liquid assets at end of period	45.9	30.3	28.8	26.2	41.2	48.4	67.5

Source: Company data, Hauck & Aufhäuser

Regional split (EUR m)	2017	2018	2019	2020	2021E	2022E	2023E
Domestic	45.3	46.0	46.6	41.5	47.2	58.3	n/a
yoy change	6.7 %	1.7 %	1.3 %	-10.9 %	13.6 %	23.6 %	n/a
Rest of Europe	81.7	89.1	90.2	80.4	91.4	112.9	n/a
yoy change	4.4 %	9.0 %	1.3 %	-10.9 %	13.6 %	23.6 %	n/a
NAFTA	21.4	23.5	23.8	21.2	24.1	29.8	n/a
yoy change	5.7 %	10.0 %	1.3 %	-10.9 %	13.6 %	23.6 %	n/a
Asia Pacific	0.0	0.0	3.6	3.2	3.6	4.5	n/a
yoy change	n/a	n/a	n/a	-10.9 %	13.6 %	23.6 %	n/a
Rest of world	20.3	18.2	14.8	13.2	15.0	18.6	n/a
yoy change	10.8 %	-10.3 %	-18.4 %	-10.9 %	13.6 %	23.6 %	n/a
TTL	168.6	176.7	179.0	159.6	181.3	224.1	n/a
yoy change	5.9 %	4.8 %	1.3 %	-10.9 %	13.6 %	23.6 %	n/a

Source: Company data, Hauck & Aufhäuser

Key ratios (EUR m)	2017	2018	2019	2020	2021E	2022E	2023E
P&L growth analysis							
Sales growth	5.9 %	4.8 %	1.3 %	-10.9 %	13.6 %	23.6 %	n/a
EBITDA growth	31.0 %	33.5 %	7.7 %	-23.0 %	11.5 %	90.3 %	n/a
EBIT growth	49.7 %	51.0 %	1.7 %	-185.8 %	18.4 %	-295.6 %	n/a
EPS growth	107.5 %	75.0 %	-12.4 %	-290.8 %	36.5 %	-207.2 %	n/a
Efficiency							
Total operating costs / sales	83.1 %	83.1 %	83.4 %	82.8 %	81.6 %	80.0 %	n/a
Sales per employee	360.3	356.3	354.5	309.9	345.4	418.9	n/a
EBITDA per employee	64.2	61.7	64.0	45.7	68.7	83.8	n/a
Balance sheet analysis							
Avg. working capital / sales	12.1 %	13.0 %	15.1 %	16.6 %	17.4 %	14.3 %	14.8 %
Inventory turnover (sales/inventory)	5.1	5.1	4.4	4.9	4.8	4.8	4.8
Trade debtors in days of sales	8.9	9.2	11.4	12.1	12.0	12.0	12.0
A/P turnover [(A/P*365)/sales]	33.9	26.1	27.3	26.6	26.6	26.6	26.6
Cash conversion cycle (days)	84.5	102.2	128.6	115.6	118.4	119.1	120.3
Cash flow analysis							
Free cash flow	1.3	-11.1	2.3	14.0	17.5	9.4	21.5
Free cash flow/sales	0.8 %	-6.3 %	1.3 %	8.8 %	9.6 %	4.2 %	9.0 %
FCF / net profit	11.3 %	neg.	21.9 %	neg.	119.5 %	44.8 %	87.8 %
Capex / depn	199.8 %	223.8 %	146.0 %	27.8 %	57.1 %	87.0 %	n/a
Capex / maintenance capex	292.4 %	336.3 %	248.2 %	129.2 %	175.0 %	175.0 %	175.0 %
Capex / sales	13.9 %	15.3 %	11.2 %	6.5 %	4.4 %	5.4 %	n/a
Security							
Net debt	25.9	40.7	41.9	33.1	17.8	10.5	-8.5
Net Debt/EBITDA	0.9	1.3	1.3	1.4	0.5	0.2	0.0
Net debt / equity	0.3	0.4	0.4	0.4	0.2	0.1	neg.
Interest cover	6.8	6.6	6.6	0.0	12.2	17.2	n/a
Dividend payout ratio	13.0 %	17.1 %	12.3 %	100.0 %	15.1 %	11.7 %	n/a
Asset utilisation							
Capital employed turnover	0.9	0.9	0.8	0.9	0.9	1.0	n/a
Operating assets turnover	1.1	1.0	1.0	1.1	1.2	1.4	n/a
Plant turnover	1.3	1.2	1.2	1.3	1.5	1.8	n/a
Inventory turnover (sales/inventory)	5.1	5.1	4.4	4.9	4.8	4.8	4.8
Returns							
ROCE	10.0 %	9.8 %	8.9 %	-8.2 %	10.4 %	15.6 %	16.3 %
ROE	13.5 %	10.8 %	10.8 %	-25.6 %	14.9 %	18.7 %	18.3 %
Other							
Interest paid / avg. debt	3.7 %	3.9 %	3.9 %	3.1 %	2.8 %	3.0 %	n/a
No. employees (average)	468	496	505	515	525	535	545
Number of shares	8.3	8.8	8.8	8.8	8.8	8.8	n/a
DPS	0.2	0.2	0.2	0.2	0.3	0.3	n/a
EPS reported	1.39	1.17	1.22	-2.23	1.66	2.40	2.78
Valuation ratios							
P/BV	3.5	3.1	3.0	3.8	3.0	2.6	2.2
EV/sales	2.1	2.1	2.1	2.3	2.0	1.6	1.4
EV/EBITDA	11.9	12.2	11.9	15.8	9.9	7.8	6.7
EV/EBITA	19.6	20.2	20.6	39.6	16.2	11.3	9.3
EV/EBIT	19.6	20.2	20.6	-23.5	16.2	11.3	9.3
EV/FCF	275.9	-33.6	163.7	26.7	20.5	37.1	15.4
Adjusted FCF yield	5.0 %	4.6 %	5.0 %	3.7 %	6.3 %	8.2 %	9.7 %
Dividend yield	0.5 %	0.6 %	0.4 %	0.7 %	0.7 %	0.8 %	0.9 %

Source: Company data, Hauck & Aufhäuser

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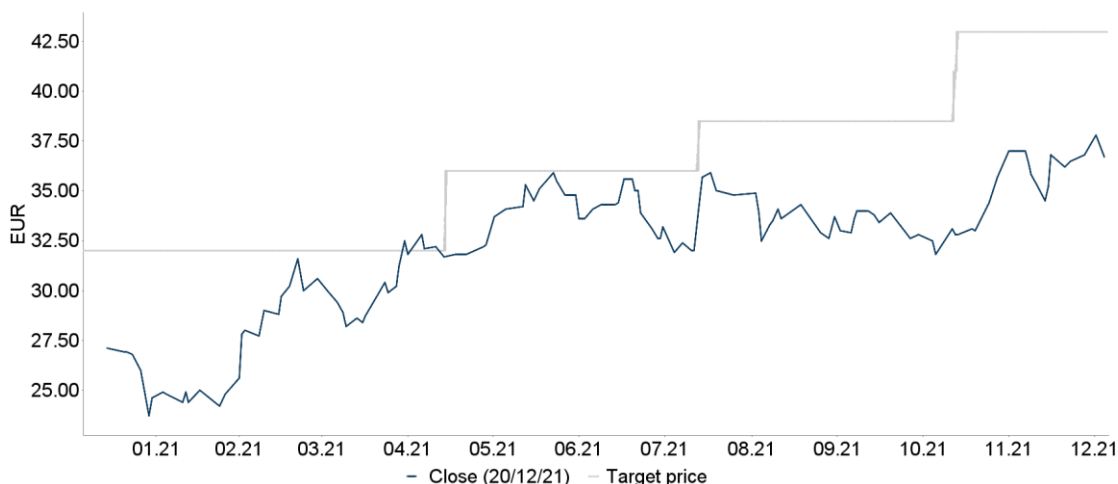
Conflicts of interest that existed at the time when this research report was published:

Company	Disclosure
Nabaltec AG	2, 3

Historical target price and rating changes for Nabaltec AG in the last 12 months

**Price and Rating History
Nabaltec AG as of 21/12/21**

Initiation coverage
14-April-11



Company	Date	Analyst	Rating	Target price	Close
Nabaltec AG	29.10.2021	Sandherr, Christian	Buy	EUR 43.00	EUR 32.80
	16.09.2021	Sandherr, Christian	Buy	EUR 38.50	EUR 33.70
	30.07.2021	Sandherr, Christian	Buy	EUR 38.50	EUR 35.70
	27.07.2021	Sandherr, Christian	Buy	EUR 36.00	EUR 32.00
	30.04.2021	Sandherr, Christian	Buy	EUR 36.00	EUR 31.70

26.02.2021	Sandherr, Christian	Buy	EUR 32.00	EUR 29.00
25.01.2021	Sandherr, Christian	Buy	EUR 32.00	EUR 24.80

Hauck & Aufhäuser distribution of ratings and in proportion to investment banking services

Buy	78.95 %	96.43 %
Sell	5.26 %	0.00 %
Hold	15.79 %	3.57 %

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