

24 November 2022

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11 - 13 January 2023, Bad Ragaz**Nabaltec**

Germany

Chemicals

Reuters: NTGG.DE Bloomberg: NTG GY

AddClosing price as of
23-Nov-22 EUR 22.00**Target price EUR 24.00**

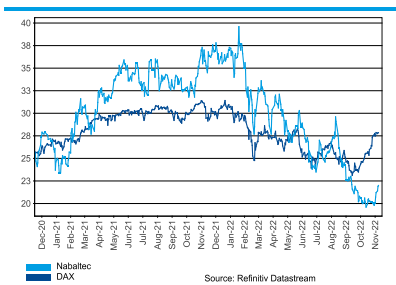
High/Low (12M) EUR 39.60/19.60

Market cap. EUR mn 194

Enterprise value EUR mn 237

Free float 45.0%

Avg. daily turnover EUR mn 0.07

Price relative to Index

Performance (%)	1M	3M	6M
Absolute	10.0	-21.1	-20.3
rel. DAX	-3.3	-30.5	-22.1
rel. STOXX Europe 600	-0.7	-22.9	-20.8
rel. SXXP Chemicals	-0.6	-28.3	-19.1

Analyst:**Markus Mayer**

+49 89 5150 1818

markus.mayer@baaderbank.de

3Q22 sales below but earnings far better than feared – 2022 guidance lifted once more**Our conclusion**

- We are very positively surprised by Nabaltec's guidance raise and also by the far better than expected 3Q22 results. Based on Nabaltec's new 2022 guidance, there is upside for our 2022 estimates. We will wait with our estimate changes until we have the chance to discuss the numbers with Nabaltec's management.

Facts & Analysis

- **3Q22 reporting at a glance:** 1) main driver behind the revenue growth were **price effects**, 2) **stable demand**, 3) Nabaltec has noticed that its customers are once again aligning their ordering behavior very closely to their actual needs. This trend was most clearly visible with Nabaltec's boehmite, where customers in 2021 had ordered well in excess of demand and on stock, due to concerns about the availability of goods and the stability of global supply chains but in 2022 this pull-forward effect noticeably slowed demand for boehmite in 2022. According to Nabaltec's assessment, there are currently hardly any high levels of stocks and inventories left in the value-adding stages downstream from Nabaltec and therefore the **risk of destocking seems limited** in this product segment. 4) 3Q22 includes **extraordinary tax income** of EUR 6.8mn due to a cost settlement with our US subsidiary Nashtec from 2020.
- **2022 guidance lifted:** Due to the continued very sound development in 3Q22 and additional price effects, Nabaltec AG is once again adjusting its previous forecast upward. The company now expects revenue growth in the range of 15% to 17% (prev.: 12% to 14%) and an EBIT margin in the range of 12% to 13% (previously 10% to 12%) on the earnings side for financial year 2022. The forecast is based on the assumption that, despite the current risks for the global economy, the economy and the industries relevant to Nabaltec will develop in a stable fashion.

3Q22 numbers at a glance

Key divisional numbers (EUR mn)	3Q22 Rep.	3Q22E Baader	Dev. (%)	2Q22	qoq (%)	3Q22	yoy (%)
Functional Fillers							
Sales	37.9	38.7	-2.2	38.5	-1.6	32.1	17.9
EBIT	5.8	4.8	20.1	5.7	1.3	4.5	28.0
Specialty Alumina							
Sales	18.5	17.8	4.0	17.4	6.3	14.5	27.4
EBIT	2.2	1.2	89.0	2.8	-22.5	2.0	11.4
Key P&L numbers							
Sales	56.5	57.6	-2.0	57.4	-1.6	45.8	23.2
EBITDA	12.3	10.8	14	10.6	15.6	9.7	26.4
D&A	4.3	4.8	12	2.1	101.2	3.2	32.2
EBIT	8.0	6.0	34.0	8.5	-5.7	6.5	23.6
EBIT margin (%)	14.2	10.4	n.m.	14.9	n.m.	14.2	n.m.
Net income	12.1	4.6	165.7	5.6	116.5	4.3	182.2

Source: Company data, Baader Helvea Equity Research

Nabaltec's guidance versus expectations

EUR mn	2022E			2023E		
	Guidance	Baader	Con. Dev. (%)	Baader	Cons. Dev. (%)	Dev. (%)
Sales	15-17% (prev.: 12-14% sales growth) or EUR 215mn to 219mn	217.7	217.4 0.2	188.9	210.7	-10.3
EBITDA	n.a.	38.1	38.4 -0.7	24.9	35.6	-29.9
EBIT	n.a.	22.9	24.5 -6.7	9.2	21.5	-56.9
EBIT margin (%)	12-13% (prev.: 10-12%)	10.5	11.3 n.m.	4.9	10.0%	n.m.
DPS (EUR)	n.a.	0.30	0.29 3.4	0.30	0.31	-3.2

Source: Company data, Baader Helvea Equity Research

Nabaltec

Key data

FY 31 Dec.	2019	2020	2021	2022E	2023E	2024E
Share data						
EPS reported (EUR)	1.31	-2.23	1.85	1.66	0.60	1.06
EPS adjusted (EUR)	1.31	-2.23	1.85	1.66	0.60	1.06
Dividend (EUR)	0.21	0.00	0.30	0.30	0.30	0.45
Book value (EUR)	11.34	8.73	10.97	12.62	13.22	14.29
Free cash flow (EUR)	0.27	3.01	3.22	0.66	0.32	-1.05
Avg. no. of shares (mn)	8.8	8.8	8.8	8.8	8.8	8.8
Market cap. (avg./current; EUR mn)	277.4	206.8	283.9	193.6	193.6	193.6
Enterprise value (EUR mn)	365.6	284.4	334.2	237.4	220.8	244.2
Valuation						
P/E adj. (x)	24.1	-	17.4	13.3	36.7	20.8
P/BV (x)	2.8	2.7	2.9	1.7	1.7	1.5
FCF/EV (%)	0.6	9.3	8.5	2.4	1.3	-3.8
FCF yield (%) (FCF/Mcap.)	0.8	12.8	10.0	3.0	1.4	-4.8
Dividend yield (%)	0.7	0.0	0.9	1.4	1.4	2.0
EV/Sales (x)	2.0	1.8	1.8	1.1	1.2	1.3
EV/EBITDA adj. (x)	10.7	12.1	9.0	6.2	8.9	8.0
EV/EBIT adj. (x)	17.8	-17.9	13.6	10.4	23.9	16.4
EV/CE (x)	1.9	1.9	2.2	1.5	1.3	1.4
ROCE/WACC adj. (x)	0.9	-1.5	1.5	1.1	0.4	0.8
Key company data						
Sales growth (%)	1.8	-11.3	17.2	16.4	-13.2	-2.0
EBITDA adj. growth (%)	12.2	-31.3	58.3	2.1	-34.5	22.6
EBITDA adj. margin (%)	19.1	14.8	19.9	17.5	13.2	16.5
EBIT adj. margin (%)	11.4	-9.9	13.1	10.5	4.9	8.0
Net adj. margin (%)	6.4	-12.3	8.7	6.7	2.8	5.1
Free cash flow margin (%)	1.3	16.6	15.2	2.7	1.5	-5.0
Payout ratio (%)	16.1	0.0	16.2	18.1	50.3	42.3
Gearing (%) (net debt/equity)	42.0	43.1	7.3	4.8	-6.3	13.1
Net debt/EBITDA (x)	1.2	1.4	0.2	0.1	-0.3	0.5
Equity ratio (x) (equity/total assets)	41.5	38.7	43.7	46.2	45.5	52.3
Capital employed (EUR mn)	188.8	150.9	149.1	163.4	167.8	176.6
ROCE adj. (%)	7.1	-11.6	11.9	9.8	3.9	5.9
Income statement (EUR mn)						
Turnover	180.0	159.6	187.0	217.7	188.9	185.1
EBITDA	34.3	23.6	37.3	38.1	24.9	30.6
EBITDA adj.	34.3	23.6	37.3	38.1	24.9	30.6
EBIT	20.6	-15.9	24.6	22.9	9.2	14.9
EBIT adj.	20.6	-15.9	24.6	22.9	9.2	14.9
EBT	17.7	-17.8	22.8	20.9	7.5	13.4
Net profit after minorities	11.5	-19.7	16.3	14.6	5.3	9.4
Net profit adj.	11.5	-19.7	16.3	14.6	5.3	9.4
Balance sheet (EUR mn)						
Non-current assets	159	129	123	132	142	151
thereof goodwill	0	0	0	0	0	0
Current assets	81	70	97	108	114	89
Total assets	240	199	221	241	256	240
Shareholders' equity	100	77	96	111	116	126
Total equity and liabilities	240	199	221	241	256	240
Net debt	42	33	7	5	-7	16
Cash flow (EUR mn)						
Cash flow from operations	22.4	36.8	35.1	29.9	26.8	15.0
of which change in working capital	1.8	2.1	-3.5	-9.2	0.9	0.1
Cash flow from investments	-20.0	-10.3	-6.7	-24.1	-24.1	-24.2
of which investment in fixed assets	-19.9	-10.2	-6.7	-25.0	-25.0	-25.0
Free cash flow	2.3	26.4	28.4	5.8	2.8	-9.2
Dividends paid	-1.7	-1.8	0.0	-2.6	-2.6	-2.6
Cash flow from financing activities	-3.7	-14.6	-1.2	-23.7	0.8	-4.6
Change in cash position	-1.3	9.8	28.0	-12.8	12.7	-23.8

Source: Company data, Baader Helvea Equity Research

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Company	Date	Rating	Currency	Target price	Closing price as of	Analyst
Nabaltec	18-Oct-22	Add	EUR	24.00	20.60	17-Oct-22 Markus Mayer
Nabaltec	24-May-22	Add	EUR	33.00	27.60	23-May-22 Markus Mayer
Nabaltec	02-Feb-22	Add	EUR	39.00	36.60	01-Feb-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
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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
----------------------	------------------	------------------------------

EQUITY STRATEGY

Gerhard Schwarz, CEFA Head of Equity Strategy	+49 89 5150 1812	gerhard.schwarz@baaderbank.de
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EQUITY SALES

Frankfurt	+49 69 1388 1357
London	+44 20 7054 7100
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Munich	+49 89 5150 1870
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Zurich	+41 43 388 9200

For North American clients:

New York	+1 212 935 5150
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PUBLICATION ADDRESSES

Baader Bank AG
Equity Research
Weihestephaner 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