

17 May 2023

Nabaltec

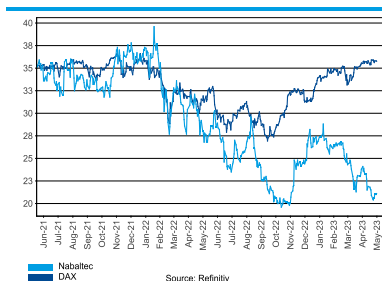
Germany

Chemicals

Reuters: NTGG.DE Bloomberg: NTG GY

Buy

Closing price as of 16-May-23	EUR 21.10
Target price	EUR 31.00
High/Low (12M)	EUR 30.30/19.60
Market cap.	EUR mn 186
Enterprise value	EUR mn 197
Free float	45.0%
Avg. daily turnover	EUR mn 0.08

Price relative to Index

Performance (%)	1M	3M	6M
Absolute	-11.3	-20.4	5.0
rel. DAX	-11.9	-22.7	-6.7
rel. STOXX Europe 600	-10.9	-20.3	-3.1
rel. SXXP Chemicals	-10.3	-20.8	3.4

Analyst:**Markus Mayer**

+49 89 5150 1818

markus.mayer@baaderbank.de

1Q23 preview: Potential outlook on 2Q23E might indicate margin improvement and could therefore surprise positively**Our conclusion**

- Nabaltec reported its preliminary key 1Q23 numbers with FY22 reporting and therefore the final 1Q23 numbers (due 25 May) might not offer surprise potential. However, Nabaltec's potential outlook for 2Q23 might offer positive surprise potential as margins should have sequentially improved. As 1H23 might be more difficult than 2H23 for all EU chemical companies, there could be a chance that Nabaltec might land at or above the current upper end of the guidance in our view. But even without consensus upward revision potential, Nabaltec's current low share price and valuation offer a good entry point into an attractive investment story which is currently due to its market cap and limited free float off the radar of many investors.

Facts & Analysis

- 1Q23 numbers (due 25 May) should no longer offer surprises.** Whereas preliminary 1Q23 sales were up 4% yoy (mainly price-driven in our view), preliminary 1Q23 EBIT of EUR 5.2mn was down 26.8% yoy, but with an EBIT margin of 9.1% a bit better than what expected at the time of the FY22 reporting. The 1Q23 run rate is in-line with Nabaltec's FY23 guidance range but more at the upper than at the lower end. As 1H23 might be more difficult than 2H23 for all EU chemical companies, there could be a chance that Nabaltec might land at or above the current upper end of the guidance in our view.
- We expect Nabaltec to give an indication for 2Q23 with its final 1Q23 numbers.** In our view, 2Q23 should run similar to 1Q23 in terms of demand, but should be slightly better in terms of margins because raw material, energy and logistics costs should have started to decline from 1Q23 levels. Consequently, we expect a reiteration of Nabaltec's FY23 guidance (3-5% sales growth and EBIT margin between 8% and 10%). Whereas our FY23E estimates are slightly below the lower end of Nabaltec's guidance and margin is at the upper end of the range because we think Nabaltec should profit from the raw material and energy cost deflation trend.

Nabaltec's FY23 guidance versus our estimates

EUR mn	2022 Reported	2023E Guidance	2023E Baader
Sales	218.8	3-5% or EUR 225mn to EUR 230mn	220.7
EBITDA	42.40	n.a.	37.6
EBIT	29.2	n.a.	21.9
EBIT margin (%)	13.3	8-10% or EUR 18mn to EUR 23mn	9.9
DPS (EUR)	0.28	n.a.	0.30

Source: Company data, Baader Helvea Equity Research

Key financials

EUR mn	2022	2023E	2024E	2025E	CAGR (%)
Gross sales	218.8	220.7	222.8	235.3	2.4
EBIT adj.	29.2	21.9	26.2	28.1	-1.2
EPS adj. (EUR)	3.00	1.71	2.07	2.24	-9.3

Source: Company data, Baader Helvea Equity Research

Valuation ratios

x	2022	2023E	2024E	2025E
EV/Sales	1.3	0.9	0.8	0.8
EV/EBIT adj.	9.4	9.0	7.1	6.3
P/E adj.	9.2	12.3	10.2	9.4

Nabaltec

Key data

FY 31 Dec.	2020	2021	2022	2023E	2024E	2025E
Share data						
EPS reported (EUR)	-2.23	1.85	3.00	1.71	2.07	2.24
EPS adjusted (EUR)	-2.23	1.85	3.00	1.71	2.07	2.24
Dividend (EUR)	0.00	0.25	0.30	0.30	0.33	0.36
Book value (EUR)	8.73	10.97	15.17	16.87	18.95	21.18
Free cash flow (EUR)	1.60	3.00	0.76	2.08	1.68	1.51
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	185.7	185.7	185.7
Enterprise value (EUR mn)	284.4	334.2	274.4	197.4	186.2	177.7
Valuation						
P/E adj. (x)	-	17.4	9.2	12.3	10.2	9.4
P/BV (x)	2.7	2.9	1.8	1.3	1.1	1.0
FCF/EV (%)	4.9	7.9	2.4	9.3	7.9	7.5
FCF yield (%) (FCF/Mcap.)	6.8	9.3	2.8	9.9	7.9	7.2
Dividend yield (%)	0.0	0.8	1.1	1.4	1.6	1.7
EV/Sales (x)	1.8	1.8	1.3	0.9	0.8	0.8
EV/EBITDA adj. (x)	12.1	9.0	6.5	5.2	4.4	4.0
EV/EBIT adj. (x)	-17.9	13.6	9.4	9.0	7.1	6.3
EV/CE (x)	1.9	2.2	1.8	1.2	1.1	1.0
ROCE/WACC adj. (x)	-1.5	1.4	2.0	1.1	1.2	1.2
Key company data						
Sales growth (%)	-11.3	17.2	17.0	0.8	1.0	5.6
EBITDA adj. growth (%)	-31.3	58.3	13.9	-11.4	11.6	4.5
EBITDA adj. margin (%)	14.8	19.9	19.4	17.1	18.9	18.7
EBIT adj. margin (%)	-9.9	13.1	13.3	9.9	11.8	12.0
Net adj. margin (%)	-12.3	8.7	12.1	6.8	8.2	8.4
Free cash flow margin (%)	8.8	14.1	3.1	8.3	6.6	5.6
Payout ratio (%)	0.0	13.5	10.0	17.6	15.9	16.1
Gearing (%) (net debt/equity)	43.1	7.3	2.4	-10.8	-16.5	-19.9
Net debt/EBITDA (x)	1.4	0.2	0.1	-0.4	-0.7	-0.8
Equity ratio (x) (equity/total assets)	38.7	43.7	47.5	51.1	53.4	55.9
Capital employed (EUR mn)	150.9	149.1	156.5	161.8	171.5	182.8
ROCE adj. (%)	-11.6	11.8	17.9	9.7	11.0	11.1
Income statement (EUR mn)						
Turnover	159.6	187.0	218.8	220.7	222.8	235.3
EBITDA	23.6	37.3	42.5	37.6	42.0	43.9
EBITDA adj.	23.6	37.3	42.5	37.6	42.0	43.9
EBIT	-15.9	24.6	29.2	21.9	26.2	28.1
EBIT adj.	-15.9	24.6	29.2	21.9	26.2	28.1
EBT	-17.8	22.8	27.5	20.9	25.3	27.4
Net profit after minorities	-19.7	16.3	26.4	15.0	18.2	19.7
Net profit adj.	-19.7	16.3	26.4	15.0	18.2	19.7
Balance sheet (EUR mn)						
Non-current assets	129	123	135	130	139	148
thereof goodwill	0	0	0	0	0	0
Current assets	70	97	146	161	173	185
Total assets	199	221	281	291	312	334
Shareholders' equity	77	96	133	148	167	186
Total equity and liabilities	199	221	281	291	312	334
Net debt	33	7	3	-16	-27	-37
Cash flow (EUR mn)						
Cash flow from operations	24.4	33.2	32.4	42.4	39.9	38.4
of which change in working capital	2.1	-3.5	-23.7	3.8	-0.1	-0.8
Cash flow from investments	-10.3	-6.7	-25.7	-24.1	-25.2	-25.1
of which investment in fixed assets	-10.2	-6.7	-10.5	-25.0	-25.0	-25.0
Free cash flow	14.0	26.4	6.7	18.3	14.8	13.3
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	5.5	-3.4	-3.6
Change in cash position	-2.6	25.9	35.3	19.3	11.4	9.6

Source: Company data, Baader Helvea Equity Research

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Baader Bank AG, Weihestephaner Strasse 4, 85716 Unterschleissheim, Germany
Baader Helvea AG, Talstrasse 9, 8001 Zurich, Switzerland
Baader Helvea Limited, 5 Royal Exchange Buildings, London EC3V 3NL, United Kingdom

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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	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

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
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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
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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
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Technology

Software / IT Services / Support Services	Knut Woller, CEFA	+49 89 5150 1807	knut.woller@baaderbank.de
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Transport

Christian Obst, CEFA	+49 89 5150 1805	christian.obst@baaderbank.de
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Utilities

Andreas von Arx	+41 43 388 9257	avonarx@helvea.com
-----------------	-----------------	--------------------

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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Frankfurt	+49 69 1388 1355
London	+44 20 7054 7100
Munich	+49 89 5150 1870
New York	+1 212 935 5150
Zurich	+41 43 388 9200

PUBLICATION ADDRESSES

Baader Bank AG
Equity Research
Weihenstephaner 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